The University of Chicago

FINANCING THE SCHOOLS OF RURAL MANITOBA

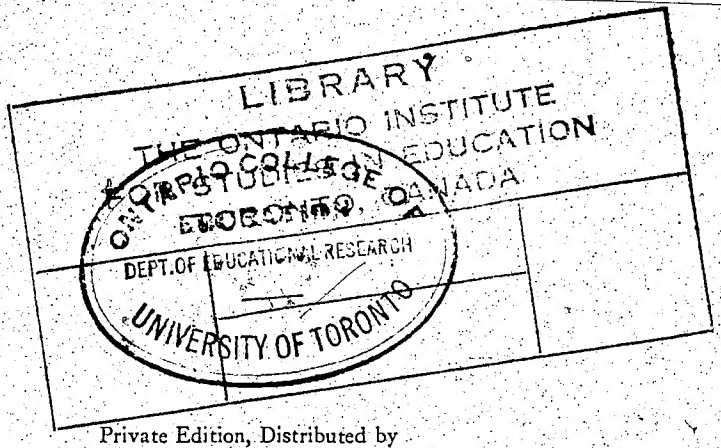
A DISSERTATION SUBMITTED TO THE FACULTY OF THE DIVISION OF THE SOCIAL SCIENCES IN CANDIDACY FOR THE DEGREE OF DOCTOR OF PHILOSOPHY

DEPARTMENT OF EDUCATION

1935

By

DAVID SCOTT WOODS



Private Edition, Distributed by
THE UNIVERSITY OF CHICAGO LIBRARIES
CHICAGO, ILLINOIS

1935

ACKNOWLEDGMENTS

The writer wishes to express his appreciation to the many individuals who have helped make this study possible. He is particularly indebted to Professors Henry C. Morrison and N.B. Henry of the University of Chicago for sympathetic direction and discerning criticism throughout the progress of the work; to Professor Peter Sandiford of the University of Toronto and Dr. Robert Fletcher, Deputy Minister of Education for Manitoba, who also criticized the completed manuscript; to the Hon. R. A. Hoey, Minister of Education, for encouragement in undertaking and provision to pursue the work; to the officials of the Department of Education and of the Manitoba Tax Commission; to officials of school districts, municipalities, and of the Dominion Bureau of Statistics; and to those engaged in business enterprises who made data for the study available.

TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

CHAPTER I

INTRODUCTION

Recent Investigations and Reports on School Administration and Finance in the Province of Manitoba

Since the year 1918, five important investigations pertaining, entirely or in part, to school administration and finance have been made under the authority of the Government of the Province of Manitoba. A brief review of several of the recommendations pertinent to the present study will reveal major difficulties underlying this problem within the Province, and serve to expose some of the weaknesses which have persisted despite legislative enactments intended to correct defects in the administrative machinery for financing schools.

Report of the Assessment and Taxation Commission, 1919.- The report of the Assessment and Taxation Commission for the Province of Manitoba dealt not only with the problems of revenue and taxation, but, also with those of financing elementary and secondary education. In this respect the commission recommended as follows:

> "1. That the School Act be amended making the taxation unit for schools in rural municipalities correspond in area with that for municipal purposes.
>
> "2. That municipal school boards be made compulsory of establishment throughout the entire rural portion of the province.
>
> "3. That when school districts provide the plant equipment for secondary education, the departmental grants to such be equal to, or at least 80 per cent of, the entire cost of operation."[1]

The foregoing recommendations appear to have been based upon the report of an investigation made in the neighboring Province of Saskatchewan in 1917, rather than upon any intensive study of conditions prevailing in Manitoba. However, during 1922 the General Municipal Grant to schools was increased from $1.20 to $3.60 per teacher per teaching day, and in addition the provincial grants to secondary schools were increased materially.

---

[1] Report of the Assessment and Taxation Commission for Manitoba, p. 27. Winnipeg: King's Printer, 1919.

The commission made the following recommendation pertaining to the assessment of real property:

"1. That except as may be hereinafter provided, the present incidence of municipal taxation in the Province be not altered.

"2. That all real property in the Province be assessed. Land at its value; buildings and other improvements at two-thirds of their value.

"(a) Land, as distinguished from buildings, shall be assessed at its value at the time of assessment.

"(b) In the case of land having buildings thereon, the value of the buildings be the amount by which the value of the land is thereby increased."[1]

Although a Tax Commission was created having as its main duties to prepare plans for the guidance of local assessors, and also to equalize assessments, mainly on the basis of returns made by local assessors, one weak point in the system of real property assessment, the training of the local assessor, has not been effectively corrected.

The investigation commission, although suggesting a wider use of the business tax, the income tax, and of licenses, for urban centres, upheld the tax on real property as the most valid method of securing revenue in rural areas.

Report of the Commission on the Status and Salaries of Teachers, 1919.- The Commission on the Status and Salaries of Teachers recommended:

"1. That the period of teacher training be increased.

"2. That a teachers' pension fund be established.

"3. That the movement to establish municipal school boards be encouraged.

"4. That the General Municipal Grant be increased."[2]

During recent years the period of teacher training has been increased gradually and a teachers' pension fund has been established.

Report of the Educational Commission, 1924.- The Educational Commission was appointed by the Provincial Government in 1923 to investigate the causes underlying the problem of "closed schools." The Commission made a somewhat general survey of the whole field of rural school finance, more especially of that pertaining to sub-marginal rural areas. Among other things the Commission recommended that grants, based on the equalized

---

[1] Ibid., p. 100.

[2] Report of the Commission on the Status and Salaries of Teachers, pp. 18-22. Winnipeg: King's Printer, 1919.

assessment, should be increased in inverse ratio to the assessment, up to the point at which the payment of the teacher's salary would be assured. It was recommended also that special grants, up to the amount of $200 per teacher during a single year, should be given to school districts deserving of special assistance. An additional grant of $1.00 per day was recommended for needy districts in unorganized territory. It was still further recommended that a general levy of three and one-half mills on the dollar should be placed on the assessment of property throughout rural Manitoba, and the fund thereby created used for school purposes. The Commission recommended also that the municipality in which a pupil resided and in which provision for secondary education had not been made, should share the cost of fees to the nearest secondary school.[1]

As a result of the report of the Educational Commission provision was made for all of the foregoing recommendations except that pertaining to the general levy throughout the province. That recommendation was repeatedly opposed and defeated at the annual convention of the Provincial Trustees' Association.

Report of the Committee of the Legislative Assembly, 1925.- A committee appointed by the Legislative Assembly of Manitoba to investigate the financial problems confronting "Suburban Municipalities Adjoining Winnipeg" recommended that legislation be introduced to:

> "Change the basis of levies for education by equalizing teaching costs throughout the province by a levy on the basis of equalized assessment in rural areas, and an income tax on corporations, companies, and individuals in urban areas. (Suburban municipalities cannot be dealt with alone in such matters, and they include both types of areas.)"[2]

Unused Lands of Manitoba, 1926, 1927.- Unused Lands of Manitoba,[3] being a report of a soil and productivity survey made previous to 1926, attacked the problem of rural school finance from another angle. This study and its supplementary report[4] have

---

[1]Report of the Educational Commission, pp. 118-19. Winnipeg: King's Printer, 1924.

[2]Third and Final Report of the Select Committee Appointed by the Legislature to Investigate Suburban Municipalities Adjoining Winnipeg, p. 37. Winnipeg: King's Printer, March 13, 1925.

[3]R. W. Murchie and H. C. Grant, Unused Lands of Manitoba. Winnipeg: King's Printer, 1926. Pp. 191.

[4]R. W. Murchie, "Supplement to Unused Lands of Manitoba." Unpublished Doctor's thesis, Department of Social Science, University of Minnesota, 1927. Pp. 37.

shown the fundamental cause underlying the inability of marginal and sub-marginal areas to support schools and other public services. Moreover, it established, for a certain period of years, indices of productivity, or in reality indexes of rural income, for 108 rural municipalities in Manitoba. In so doing the study demonstrated that the ability of rural communities in Manitoba could be measured in terms of income.

Legislative enactments made as a result of the foregoing inquiries and reports have not solved the problem of school finance in Manitoba. The problem in some form has been before the Provincial Trustees Association continually during the period 1919 to 1932; during years of normal economic conditions as during years of local or general depression. This statement is borne out by the Annual Reports of that Association, and by the fact that its committee on school finance submitted a report to the parent organization as recently as February, 1930. The recurrence of investigations and reports on school revenue and its administration and the persistence with which the problem has come before bodies directly interested in the welfare of the public school would indicate that it has become an issue of more than ordinary importance, and one not confined to periods of economic depression.

Statement of the Problem

During the years 1921-23, 260 school districts in rural areas were closed, part time, for lack of funds. The Educational Commission appointed by the Provincial government to enquire into the situation found that the difficulty was largely confined to "fringe" areas where the land was of low-assessed valuation.[1] Desertion of land owing to the failure of the Soldiers' Settlement scheme and other post-war conditions had reduced school revenue to the point where adequate school facilities could not be maintained out of local income. The Provincial Legislature, acting upon one of the recommendations of the Educational Commission increased provincial grants to school districts in low-assessment areas in inverse ratio to the equalized assessment. This, along with other methods of special aid, has not solved the problem of the weak school district as the area of weak schools and municipalities has continued to increase. School Districts unable to finance their school effort have remained under Official Trustees while rural municipalities in danger of breaking down have either been disorganized or placed under administrators.

---

[1] Report of the Educational Commission, p. 63.

Suburban municipalities about the city of Winnipeg have been in financial difficulties. The Select Committee of the Legislative Assembly of Manitoba, appointed to investigate the financial condition of suburban municipalities, presented its final report in 1925.[1] The nine municipalities reported on had a population of 54,300 and an equalized assessment of $47,731,000. Their total debenture liability amounted to $16,151,683 and current bank loans to $1,170,544, while the annual tax imposition on real property had reached 4.75 per cent of its estimated capital value and 6 per cent of the total equalized assessment. During 1924, the levy for school purposes in these suburban municipalities amounted to 1.8 per cent of the total equalized assessment and to 30 per cent of the levy for all purposes. Heavy taxation forced the abandonment of vacant lots while tax arrears and tax sale certificates amounted to $5,003,031. Although elementary education has not been allowed to suffer in suburban areas, payments on debentures have not always been met and fees have been charged in some districts for admission to the senior grades of the secondary schools. As a result of the investigation of the Select Committee of the Legislature a financial supervisor was appointed by the government for four suburban municipalities.

The varying fortunes of agriculture since 1921, coupled with the severity of the present economic depression, have not only broadened the area of weak school districts but also have tested the ability of the wealthier districts to provide funds for educational undertakings, so that the difficulty of financing schools has become province wide and the problem of inequality more extended than ever.

The larger part of school revenue within Manitoba has been raised by taxation on real property. The Select Committee for the Legislature found that for the suburban municipalities 93.4 per cent of the cost for education was levied on real property. The property tax, as the chief mechanism for securing revenue for the support of public schools, has been under criticism for several years, and the need for broadening the basis of taxation as well as for effecting a more equitable basis for the distribution of school revenues have been suggested as remedial measures.

Since the organization of the Province in 1870 there has been a very large measure of local self-government in the administration of schools, and while the school district may still be said to be the unit of public school finance the rural

---

[1] Third and Final Report of the Select Committee of the Legislature Appointed to Investigate Suburban Municipalities Adjoining Winnipeg. Pp. 38.

municipality has assumed a position of increasing importance since the year 1922. As formerly stated, during that year the Municipal Grant to the schools in rural municipalities was raised from $240 to $720 per teacher per annum, thus tending to equalize the school burden within the municipal unit. In recent years no single piece of legislation concerning the financing of the rural schools of Manitoba has been so far reaching in its effects as that which brought about the large increase in the Municipal Grant. Although this legislation did not give municipal councils a voice in the amount to be levied for school purposes, it did help to equalize the ability of school districts within a municipality, and in many instances increased the financial responsibility of the municipality beyond that of the school district. In addition, it made the financial effort of the school district and municipality more interdependent. Although the province has contributed from Consolidated Revenue approximately one-seventh of the amount raised by local taxation for school purposes, the main burden of school support has continued to fall upon the school district and the municipality.

In short, assessment of real property has remained the measure of ability to pay; taxation levied on this base the method of raising school funds; and the school district and municipality the units within which this tax mechanism has operated.

Owing to the persistent and increasing difficulty, even during relatively normal times, of financing the public schools of the province, it would appear as if the administrative machinery of school finance has not been well adapted to the purpose of securing and distributing revenue for the support of public schools. All of the investigations of recent years point to this conclusion.

The Assessment and Taxation Commission condemned the methods of preparing the assessment, the school district as the unit of finance, the lack of sufficient provincial aid to relieve the increasing burden of secondary education, and the lack of sufficient municipal aid to provide for the teacher's salary in weak school districts. The report of the Educational Commission sought to effect a cure by levying taxes for revenue over the whole province, and through placing greater emphasis on the distribution of provincial grants to needy school districts. The report of the Legislative Committee sought to equalize costs through raising funds in rural areas on the basis of the equalized assessment of real property, and in urban areas by means of the income tax. All three may be considered major reports. All three pointed to one or more phases of the administrative machinery of school finance as being inadequate. Not one of these investigations has

questioned the adequacy of the economic background upon which the system of education depended for support. Evidently all three commissions of inquiry thought there were sufficient resources within the province to maintain the existing system of public schools.

Although the economic background of the school system will be discussed, the main purpose of this study will be to examine the administrative machinery of school finance to discover whether or not it has been adequate to the educational needs of rural Manitoba. Rural in this study is taken to mean all educational provisions except those within incorporated cities. This limitation of area does not exclude cities from the study, but indicates that the findings will pertain mainly to territories beyond city school district limits. Three phases of the problem will be studied: (1) the financial efficiency of existing local units of school administration; (2) the adequacy of the present tax mechanism for securing school revenue; and (3) the efficiency of the present methods of distributing provincial and local aid to public schools in Manitoba.

Scope of the Study and Method of Treatment

It is obvious that, in a general way, the problem of school finance has been closely associated with school districts in four types of community: (1) those school districts located in the more prosperous rural areas; (2) those in rural areas having a considerable amount of marginal or sub-marginal lands; (3) suburban areas about the city of Winnipeg; and (4) city communities. It is not suggested that these four types complete the range of community variations but rather that these groups have in common certain characteristics. Further, if we are to continue to assume that the education of our children is the concern of all, then the problem of financing the rural schools of Manitoba cannot be treated adequately unless seen in relation to the ability of representative communities throughout the province. Neither can it be studied adequately unless seen in relation to the distribution of surplus financial ability to the educational advantage of all. It is necessary, therefore, that this study include representative community types, and that it be both general and particular. It will be general in that the economic background for education in the province will be examined; the machinery of school finance; the operation of the tax mechanism; and provincial and local aid to education studied. It will be particular in that representative municipalities and school districts will be selected to show variations in current income, school costs,

ability, effort and in the educational product.

A brief review of the topography, settlement, industrial and agricultural development over a period of years, will be given in order that the economic background for public revenues may be understood and variations noted. The system of school administration and organization will be surveyed and the responsibility of the province, of the municipality, and of the school district established. Taxation on real and personal property for provincial, municipal, and school purposes will be examined and some of its effects noted. School costs will be studied to determine variations in effort to provide educational facilities as a result of variation in the economic and social conditions of different communities. Provincial and local aid will be compared and the equalizing effects of the present methods of distributing provincial aid will be noted. An intensive study will be made of local ability and effort to provide funds for public schools and the resulting educational product, and the relation of both to the units of financial administration, to the distribution of provincial aid, and to the need for broadening the basis of taxation for school support.

In the general treatment of each phase of the problem existing conditions for the province as a whole will be reviewed. For a more specific study of each phase the non-union school districts of 44 representative municipalities out of a total of 175 municipalities will be selected.

In Manitoba the boundaries of school districts do not necessarily coincide with those of rural or urban municipalities. School districts located within two or more municipalities are known as union school districts, while those located wholly within one municipality are called non-union school districts. For the most part union school districts are omitted from this study, as it would be difficult to allocate per pupil costs for union school districts to any municipality without first ascertaining the location of all resident children. A few union school districts are included for the municipalities of Armstrong, Dufferin, and Brenda, either to make the selection of schools representative or to include consolidated school districts. In all such cases the union school districts are included with the municipality in which the schools are located. The selection of non-union schools does not alter the general relationship between municipalities as in each instance the majority of the school districts and the larger part of municipal lands are included in the study. With the exception of the rural municipality of Dauphin, incorporated villages and towns within the rural municipality are included as a part of the municipal unit. The inclusion of the town of Carman with

Dufferin, Manitou with Pembina, Rossburn Village with Rossburn rural, and the town of Hamiota with Hamiota rural municipality, does not alter the general relationship existing among rural municipalities as many unincorporated centres form a part of the rural municipality within which each is located. In any case the relation existing between a small urban centre and the surrounding farm area constitutes a potential economic unit, whether or not political divisions for public school purposes exist.

Fourteen of the municipalities selected for study are located in low-assessment rural areas and are distributed from Ethelbert on the north to Sprague in the southeast corner of the province. These municipalities comprise wooded or hay-meadow lands. Live stock, dairy products, wood, pulp, and fish form the chief sources of income, with here and there small sections suited to grain growing. Income and living costs come close together in this area while surplus income and savings are very limited indeed. For the most part, these municipalities are sparsely settled by people of mixed national origin. In the rural municipalities of Ethelbert, Dauphin, Bifrost, and Chatfield there are areas thickly populated by New Canadians of Ukranian extraction.

Fourteen rural municipalities are selected from medium and high assessment rural lands where grain growing is the chief industry and dairying and stock raising but secondary phases of agriculture. These are old settled communities, and, with the exception of Dauphin and St. Clements, the population of each is largely of Anglo-Saxon origin. The municipality of Assiniboia, bordering on the suburban area to the west of the city of Winnipeg, represents both suburban and rural conditions. St. Clements extends along the east side of the Red River from Lower Fort Garry to Lake Winnipeg and is quite varied in the origins of its population and their agricultural pursuits. Six municipalities, largely residential, represent the suburban area adjoining the city of Winnipeg. Six large incorporated towns, three small cities, and the city of Winnipeg are included for comparative purposes. The distribution of the municipalities selected is shown in Figure 1.

For the school year ending June 30, 1930, there were 2,222 school districts in Manitoba operating 4,266 classrooms. Of these classrooms, 1,270 were operated by the four city districts, 300 by the suburban municipalities adjoining Winnipeg, 1,146 in the graded schools throughout Manitoba, and 1,550 in one-room rural schools. There were 470 classrooms doing accredited secondary school work and 3,796 doing elementary, and to some extent, secondary school work. For the rural municipalities, 332 school districts employing 505 teachers and having an enrolment

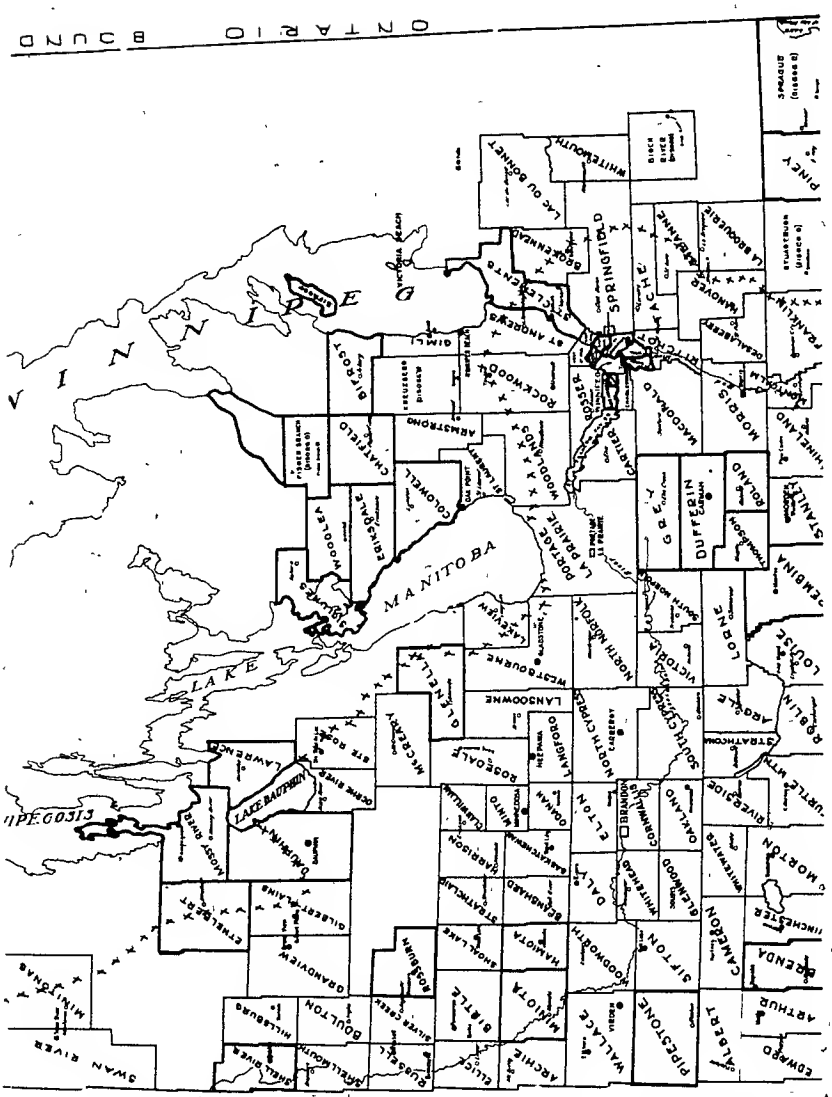


Fig. I.— Showing the municipalities for the Province of Manitoba in 1929, the municipalities selected for special study and the approximate dividing line between low and high assessment rural areas

— Municipalities selected

++ Low assessment rural area to the east and north of the line

of 15,926 pupils have been selected for study. Of these school districts 20 are graded consolidated, 40 graded non-consolidated, and 272 are one-room rural schools, two of which transported their pupils. The Municipal School District of Miniota with four graded and four one-room rural schools is treated as one school district. The six large incorporated towns operated 111 classrooms. This sampling represents 616 classrooms out of 2,696 located outside the cities and the suburban municipalities adjoining the city of Winnipeg. The suburban and city municipalities operated approximately 1,600 departments. All city classrooms and 224 of the 300 operated by suburban municipalities are included in this study. Three hundred and thirty-eight school districts, selected from rural Manitoba, operating 342 graded school classrooms out of a total of 1,146, and 274 one-room rural classrooms out of a total of 1,550, have been selected. The sampling may appear small for the one-room rural schools but the cost of rural schools is so uniform for typical communities that the sampling need not be a large per cent of the total number. Tables I, II, and III in the appendix of this study contain complete information as to the distribution of all schools within the municipalities selected.

In order to ascertain the worth of the assessment of real and personal property as a measure of ability to pay, a study of income will be made in eleven of the afore-mentioned municipalities, and one factory town near to the city of Winnipeg, and the Swan River crop district. A crop district is an area selected for annual survey by the Provincial Department of Agriculture. It may comprise several rural municipalities as well as unorganized territory. One such rural area is introduced for study in order that the income of a region, apart entirely from existing political divisions, may be seen in relation to school support. The rural areas and urban centres selected for this phase of the study comprise, therefore, eight representative rural municipalities, one crop district, one country town, one mill town, one suburban municipality, and the city of Winnipeg. This sampling is representative of varying rural and urban economic conditions in Manitoba.

The municipal year ending December 31, 1929, and the school year ending June 30, 1930, were chosen as the period for an intensive study of school costs and tax levies. The taxes levied during the calendar year provided funds for the school year which extended from July 1 to June 30. The municipal and school years selected were the most recent for which data were available; moreover, they represented a relatively normal period of income and school costs. While school costs were higher in 1930 than for any previous year since 1924, the variation per teacher

engaged was not sufficient to give a distorted picture of the general situation.

The period 1925 to 1929 was selected for the study of income as the basis of school support. Economic conditions were relatively uniform throughout this period, and the time was sufficiently extended to include those periods of local depression which frequently reduce the income from farming operations. Although some attention was given to the effects of the present depression, the administrative mechanism for the financing of public schools could be fairly tested only during normal times, and over a period of years, sufficient to include all factors which usually affect the income of rural areas.

Sources of Data

Data concerning industry, wealth, and income were taken from the Canada Year Books, the Annual Reports of the Manitoba Tax Commission, and the Reports of the Provincial Department of Agriculture. Information concerning income was also available from the records of two social surveys conducted by the Canadian Pioneer Problems Committee in four sections of the province during 1929 and 1930; and from a study of farm income and municipal assessments prepared by the Department of Economics of the Manitoba Agricultural College and from the Dominion Census Reports.

Data concerning school receipts and expenditures were taken from the records on file in the Provincial Department of Education. Certain information concerning secondary school costs was received from school districts by means of a questionnaire addressed to all schools in the province having accredited secondary school departments.

Data concerning provincial and municipal expenditures and taxation were taken from the Annual Statistical Reports of the Municipal Commissioner, from the reports of the Manitoba Tax Commission, and from the Public Accounts of the Treasury Department of the Provincial Government. Additional information concerning the assessment of school districts, tax rates, areas of land assessed, school levies, and municipal payments to schools were received directly from the secretary-treasurers of municipalities on specially prepared forms.

Data concerning pupil enrolment and attendance, the numbers and qualifications of teachers, and general information concerning school administration were taken from the extensive records on file in the Department of Education. For many years each school district has been required by law to furnish annually on a form provided by the Department of Education, an itemized

statement of receipts and expenditures certified to by the auditors; also, information concerning enrolment and teachers engaged. As the payment of Provincial Grants is made dependent upon the receipt of these reports, the information just cited is available for all school districts.

Maps showing school district boundaries were prepared for all districts within sixteen rural municipalities and the location of the home of every child resident therein determined.

To form an estimate of income in rural communities, data were secured from crop reports prepared annually by the Provincial Department of Agriculture, from the Dominion Census Reports, from the work sheets of the Canadian Pioneer Problems Committee, and through interviewing individuals intimately acquainted with the farm income of their respective communities.

To arrive at an estimate of income in urban centres, data were secured from the Dominion census reports, yearbooks, and bulletins. Data pertaining to rents from and taxes on real property were secured from the book accounts on file in the offices of realty firms in the town of Dauphin, in the suburban municipality of St. James, and in the city of Winnipeg. The writer made an income survey of the town of Dauphin, a salary and wage survey of the town of Roblin, and through interview and the use of available statistical data prepared estimates of income for the town of Transcona, for the suburban municipality of St. James, and for the city of Winnipeg. Valuable information was received from municipal and tax commission offices, and from statistical records and reports on file therein.

All statistical data secured from the files of the Department of Education, from school districts and municipalities were carefully compiled, re-checked and errors corrected. The writer is quite familiar with the school and municipal conditions existing in sixteen of the rural municipalities studied, having inspected the schools located therein for a considerable period during the past fifteen years. The writer personally visited the offices of sixteen rural and five urban municipalities and studied conditions and statistical information supplied by the secretary-treasurers of each. The methods employed to secure data, as well as the methods employed in the interpretation of data, are given in detail in the parts of this study in which different phases of the problem of financing the rural schools of Manitoba are treated.

Definition of Terms

Municipality.- A municipality is defined in the Municipal Act as "any locality the inhabitants of which are already

incorporated and are so continued . . . . and embraces as well as rural municipality, any incorporated village, town, or city. The expression 'rural municipality' means a municipality other than an incorporated village, town, or city."[1] A rural municipality corresponds in area, and in its corporate rights and privileges to the rural county in the Province of Ontario, or in the States of the Union.

Marginal, sub-marginal, low-assessment, and secondary lands.- Marginal lands may be defined as farm lands which are operated without profit above the subsistence line. Subsistence is taken to include ability to pay for public school services.

Sub-marginal lands are those farm lands which do not provide income up to the subsistence level.

Low-assessment, and secondary lands, when spoken of in Manitoba, include both marginal and sub-marginal lands.

---

[1]The Municipal Act, Province of Manitoba, pp. 1-2. Winnipeg: King's Printer, 1925.

CHAPTER II

THE ECONOMIC AND SOCIAL BACKGROUND OF EDUCATIONAL SUPPORT IN MANITOBA

Topography and Settlement

The Province of Manitoba has an area of approximately 251,832 square miles, and comprises 36,000 square miles of agricultural lands, 91,200 square miles of forest lands, 26,100 square miles of water area, the remainder being arctic tundra and other lands. About 31,891 square miles of agricultural lands, of which approximately 23,595 square miles are cultivated, lie within organized municipalities, and of that area 25,457 square miles are taxable lands. Approximately one-tenth of the land area of the province, during a period of development, has borne the burden of government; municipal, provincial, and federal.

The northern half of the province and that part to the east of Lake Winnipeg lie within the Laurentian plateau. This area is sparsely settled; and such settlements as have developed are closely related to the activities of a few trading and mining centres. This area has not produced an educational problem of any magnitude and consequently is not considered in the present study.

The southern half of the province forms a part of the Great Plains region. Within the Red River Valley and to the west of the Red River and Lake Manitoba lie the fertile lands where for more than half a century grain growing has been the basic industry. The population within this area is largely of Anglo-Saxon and French-Canadian origin, and has been interested and active in developing an extensive system of public schools. Here, in the very centre of rural wealth the financial stress, resulting from periods of local and general depression, has become acute, and the problem of securing revenue for school and other public services is a live issue.

Bordering the grain area and projecting into it at frequent intervals lie the less valuable lands of the southern half of the province. These lands are located for the most part in the southeast, in the lake areas, and to some extent on the slopes of the Duck and Riding Mountains. Along the shores of the Manitoba lakes are extensive low-lying lands which, until drained, cannot

be adapted to other than the hay-growing and dairying industries. On the higher lands much of the soil is shallow, stony, and not suited to intensive farming. Forest fires and cutting for wood and pulp are depleting the timbered areas. Unfortunately, with the reduction of wood products as a source of revenue, the less fertile areas cannot produce sufficient income to maintain either the original population or the original provision made for schools and other public services. The population of these less fertile lands consists for the most part of New Canadians largely of Ukrainian and Scandinavian origin. There has been considerable shifting of population and desertion of land, so that the burden of maintaining public services has fallen upon a dwindling population and diminishing sources of revenue. As a result, the problem of raising revenue for school purposes has grown to proportions of more than ordinary magnitude. The following quotation from the report of the Minister of Mines and Natural Resources for 1932 indicates very clearly that one of the problems of school finance in Manitoba has been rooted in the mistaken policy which opened such lands to settlement for farming purposes:

> "In the early years of settlement large areas of the better agricultural lands suitable for grain farming were available and the best of these homestead lands were selected by the great influx of immigrants at the beginning of the century.
>
> "As the better areas were taken up the general policy of undirected settlement resulted in later years of homestead entries being filed on lands of poorer quality and not necessarily suitable for agricultural purposes. This is particularly exemplified in the settlement of the inter-lake district. In other cases entries were granted on timber lands with the result that the settler, unable to make a livelihood from agricultural pursuits and having stripped the homestead of its merchantable timber and cordwood, abandoned it entirely. As a consequence municipalities now find themselves in possession of large parcels of unproductive lands and as the municipalities and the government have spent large sums of money for roads, schools and other facilities it is therefore obvious that a new and definite land policy must be adopted.[1]

---

[1]Report of the Minister of Mines and Natural Resources for the Province of Manitoba for the Year 1932, p. 6. Winnipeg: King's Printer, 1932.

Population Trends

The statistical information compiled in Table I, taken from the Census Report for 1926, shows population trends from 1871 to 1926. The greatest increase in population for any one decade occurred during the period 1901-1911 when many immigrants from Europe and the United States entered Western Canada. While there was a steady increase in rural population during the three decades, 1891-1921, the most marked increase in urban population occurred during the period 1901-1911. The relation which the population in rural and urban parts bore to the total population indicated that the relative increase in each remained comparatively uniform from 1921 until 1926.

TABLE I

POPULATION TRENDS SINCE 1871

Year	Total Population	Rural Population	Urban Population	Per Cent Rural	Per Cent Urban	Per Cent Increase for Each Ten-Year Period	
						Rural	Urban
1871	25,228	...	...	...	...	...	...
1881	62,260	...	...	...	...	...	...
1891	152,506	111,498	41,008	73.11	26.89	...	...
1901	255,211	184,775	70,436	72.40	27.60	65.72	71.76
1911	461,395	261,029	200,365	56.57	43.43	41.27	182.46
1921	610,118	348,502	261,616	57.12	42.88	33.51	30.56
1926	639,056	360,198	278,858	56.36	43.64	15.35	15.43

There has been a rapid decline in recent years in the relation which the rural and urban increase in population, for one decade, bears to that of the previous decade. The greatest decline in this respect occurred during the years 1921-1926 inclusive. R. W. Murchie and H. C. Grant in their report,[1] Unused Lands of Manitoba, published in 1926, concluded that the reduction in population which occurred during this period was due to emigration following the depression of 1921-1923. Their investigation showed that considerable shifting in rural population had taken place during the period 1911-1926, some areas having an increase, others a decrease. The actual increase in rural and urban population

[1] Op. cit., pp. 46-52.

for the period 1921-1926 amounted to 11,696 and 17,242 respectively.

The Census Report for 1926 placed the population of the suburban municipalities of Fort Garry, St. Vital, East Kildonan, West Kildonan, and St. James in the rural column. These municipalities border on the city of Winnipeg and are urban in the occupations of their people and in school provisions. Their population in 1926 amounted to 37,990. The Report of the Manitoba Tax Commission for 1929 included these municipalities with urban centres and gave the total urban population for the province as 327,951, and the rural as 229,013. The latter does not include the population for unorganized territory.

The Census Report for 1926, the Statistical Reports of the Municipal Commissioner, and the Crop Bulletins of the Department of Agriculture for the province indicate very clearly that there has been an increased tendency to shift from resident ownership to tenancy of farm lands. The Census Report shows that during the period 1921-1926 owners decreased by 4,340 while tenants increased by 3,286 and rented land by 991,145 acres.[1] This does not take into consideration part owners and part renters, neither does it include the amount of low assessment lands vacated entirely during the period. The trend toward tenancy in farm lands has increased since 1926; statistical information compiled by the Municipal Commissioner shows a reduction in resident owners from 61,008 in 1922 to 50,546 in 1930.[2]

Shifting in population has a direct bearing upon the problem of financing school provisions. Outlay made for a larger enrolment has to be borne by a reduced population and frequently by a reduction in revenue bearing lands, while urban centres must make additional outlay to provide for the corresponding increase of enrolment in urban schools. This has been very clearly demonstrated in the Inter-Lake area where the population of rural schools has persistently reduced while village schools have been compelled to add additional classrooms to provide for increased enrolment.

The effect of shifting in population has been apparent in the suburban municipalities about the city of Winnipeg.

During the period 1919 to 1931 the population of three suburban municipalities bordering on the city of Winnipeg increased from 18,555 to 32,936 or by 77.5 per cent. The growth of suburban

---

[1] Census of Manitoba, p. 142. Ottawa, Ont.: Dominion Bureau of Statistics, 1926.

[2] Statistical Information, Department of the Municipal Commissioner, p. 1. Winnipeg: King's Printer, 1930.

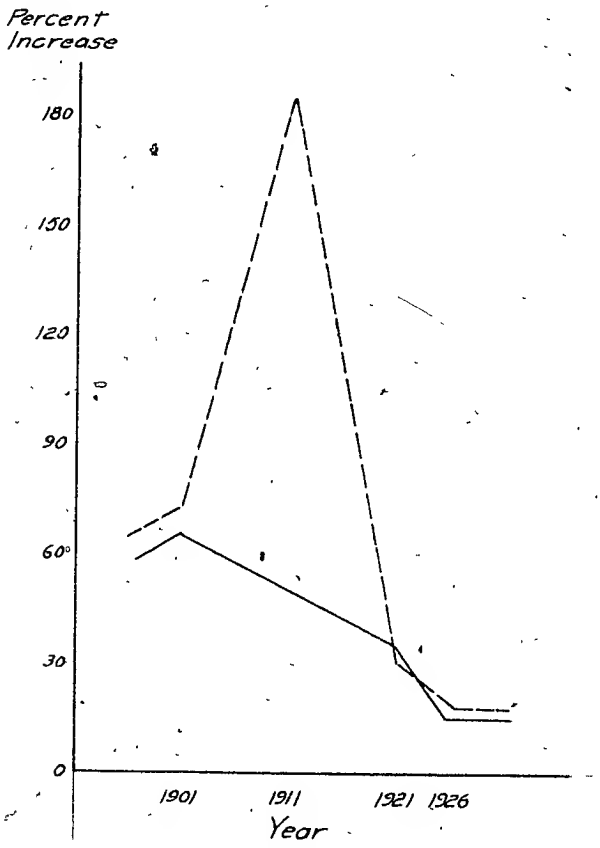


Fig.2.— Showing the percent increase in rural and urban population for one decade over the previous decade during the period 1901-1921
--- Urban Increase —Rural Increase

population has created about the city of Winnipeg a number of satellite cities. Over the whole metropolitan area the city of Winnipeg has cast its influence. The residents of suburban Winnipeg derive the greater part of their income from employment within the city, and spend the greater part of their income within the city limits. Ambitious to imitate standards of living within the city, over-confident of the future, or unable to forecast the ability of the municipal unit to carry heavy capital costs, they have developed heavy fixed charges. Educational provisions for the increasing school population of several of these suburban municipalities have been handicapped, or, if made, have proven difficult to carry. These suburban areas constitute a second major problem the solution of which has not as yet been reached.

The Census Report for 1926 showed that the population of the city of Winnipeg, the one large city of the province, formed 70 per cent of the total urban population; it also showed that the combined population of the cities of Winnipeg, St. Boniface and suburban municipalities comprised 40 per cent of the total population of the province. The remainder of the urban population resided in two small cities and forty-eight incorporated towns and villages widely distributed over the southern half of the province. The cities have been able to provide sufficient revenue to maintain educational and other public service costs, but there are indications that the present period of depression will be keenly felt even at these points of concentrated accumulation of wealth and income.

Natural Resources

Land suitable for agricultural purposes has been the chief source of income in Manitoba. It is the greatest natural resource of the province. Approximately seven-tenths of the lands suitable for farming purposes have been brought into use. This represents the more fertile lands, as well as a considerable area of marginal and sub-marginal lands. Unless more intensive methods of farming are resorted to, the province is approaching the margin beyond which income from agriculture may not be greatly increased.

Moreover, it has become apparent that, unless the methods of farming in secondary land areas are better adapted to soil conditions, such lands will continue to be a drain upon the revenues of the province. Secondary farm lands, as operated at present, actually add to the total of farm production, and at the same time fail to maintain public services within the community to such an extent that they absorb more than the average per capita for schools distributed from provincial revenue to all communities.

To extend the agricultural area, under present methods of farming secondary lands, would continue to reduce the power of the province as a whole.

The Province of Manitoba would appear to have reached the point at which diversified industrial development is necessary to meet the educational needs of any increase in population which may occur.

Mineral resources.- The following quotation from the Annual Report of the Department of Mines and Natural Resources contains the latest information pertaining to the possibility of income from that source:

> "Practically three-fifths of the province is underlain by the Precambrian shield and it is this area, as in other parts of Canada, that offers the greatest possibilities of mining development. Mineral occurrences of many kinds are found within the boundaries of the province.
>
> "The Precambrian area in Manitoba extends in a north-westerly direction from the Canada-United States and Ontario-Manitoba boundaries and skirting the east shore of Lake Winnipeg, crosses into Saskatchewan a short distance north of The Pas and Cumberland lake.
>
> "The Central Manitoba field comprises a large gold bearing area which stretches in a broad band from Lake Winnipeg to the Ontario boundary in which a great many gold prospects have been discovered and explored. At the present time the Central Manitoba Mine is the largest producer of gold. . . . ."[1]

To date, several important mines have been put into operation with promising results. The total value of mineral production in 1930 amounted to $5,453,183. It is probable that mining will eventually become an important source of income in the province. Provision has been made whereby a share of mineral lands has been set aside for the support of public schools.

> "23. (1) Sections eleven and twenty-nine, and wherever undisposed of sections eight and twenty-six, in every surveyed township in Manitoba, and in every township hereafter surveyed, together with the gold and silver as well as other minerals contained therein, are hereby set apart as an endowment for purposes of education, and shall be designated school lands; and they are hereby withdrawn from the operation of the provisions of this Act which relate to sale; and no right to purchase shall be recognized in connection with the said sections or any part of them; provided that any person who is

---

[1] Report of the Minister of Mines and Natural Resources, p. 10.

proved to the satisfaction of the Minister to have bona fide settled and made improvements upon any such sections before the commencement of the survey may purchase the land so occupied by him not in excess of a quarter-section, but an area of available land equal to that which may be so purchased shall be set apart as school lands, and notice thereof shall be published in The Manitoba Gazette."[1]

This enactment may in time prove an important source of revenue to the public school system.

Forestry.- As formerly stated, Manitoba has approximately 91,200 square miles of forest lands. In 1932 it was estimated that the timber available in Manitoba amounted to eleven and a half million cords of coniferous woods, and some twenty-three million cords of hardwood. Seventy-eight million feet of lumber having a value of two million dollars was produced in 1929. Approximately sixty wood industries having a capital of $4,000,000, and an annual wage bill of $1,125,000 operated in Manitoba during 1929. In addition to these there are lumber companies and the Manitoba Paper Company.[2] The total value of forest products in 1929 amounted to $4,960,000.

Fisheries.- The commercial fisheries in Manitoba have developed to a point of very great economic importance to a large section of the community. The market value of the fishery production in 1929 amounted to $2,745,000, and the number employed in the industry, to 5,000.[3]

Water power.- The total water power installation on the Winnipeg River amounted to 447,000 horse power in 1930. It is estimated that the undeveloped power resources of Manitoba vary from 3,500,000 horse power on a basis of ordinary minimum flow, to 5,225,000 horse power on a basis of ordinary six months flow. Light and power are now widely used in city, town, and in several rural communities, and employment given to a large number of individuals through the production and distribution of electricity.

The gross income from mining, fishing, forestry, and furs was almost equal in 1929 to that from either stock raising or dairying. Apart altogether from the net current income derived from these occupations an ever increasing number of individuals are given employment in them. In addition, forestry, mining, and power are of great importance to allied industries, and to

---

[1]"The Provincial Lands Act," sec. 23 (1), p. 11. Statutes of Manitoba. Winnipeg: King's Printer, 1930.

[2]Report of the Minister of Mines and Natural Resources, p. 8.

[3]Ibid., p. 13.

producers and distributors of a wide and varied class of materials. They have contributed very materially to the rapid growth of manufacturing in metropolitan Winnipeg, and have become an important factor in the aggregate income of the Province. Indirectly, they are assuming a place of importance as a source of provincial income.

Industry

Agriculture and manufacturing are the two outstanding industries of the Province The former furnishes employment for approximately one-half of the population, while the latter equals agriculture in the amount of gross revenue produced. Fur trading, mining, fishing, and forestry contribute very materially to the incomes of residents in certain localities. Statistical information concerning gross income from several industries taken from the Canada Year Books for 1925 and 1930 is compiled in Table II.

TABLE II

ESTIMATED GROSS INCOME FOR THREE INDUSTRIES IN MANITOBA, IN MILLIONS OF DOLLARS

Year	Manufacturing	Agriculture				Mining
		Total	Field Crops	Live Stock	Dairying	
1900	12	24	...	...	...	...
1910	53	68	...	...	...	1.5
1915	60	127	...	...	...	1.3
1920	158	165	133	9	15	4.2
1921	106	98	72	5	12	...
1922	95	119	98	...	...	...
1923	97	89	62	9	13	...
1924	102	163	136	9	13	2.0
1925	124	147	115	10	13	3.0
1926	132	153	120	11	14	2.0
1927	142	118	82	13	14	4.0
1928	159	149	113	13	14	...
1929	164	116	78	14	15	...
1930	142	88	52	14	12	5.4
1931	...	45	25	10	10	...

These data show the relative importance of revenue from agriculture, manufacturing, and mining over a period of years; they also show the increasing importance of live stock raising and dairying. Although estimated gross revenue from field crops has varied considerably since 1920, that from animal and dairy products increased more uniformly during the decade.

These two secondary branches of agriculture have been the only consistently stable factors in the industry since 1920. Revenue from field crops exceeded $100,000,000 during five years and was considerably less during the other six, yet this is the phase of agriculture in which farmers have their large investment. Gross incomes from manufacturing do not appear to be seriously affected by a local failure in grain crops. When conditions are normal throughout the remainder of Canada, income from two large industries is an asset in that one offsets losses in the other. In this regard Manitoba is more fortunately situated than is the Province of Saskatchewan. It would appear as if the future of income in Manitoba must depend more and more upon the diversity of its industries than has been true in the past.

Wealth

Statistical data concerning the wealth of Canada and of five provinces of Canada for the years 1921 and 1927 are compiled in Table III. In 1921 the provinces of Saskatchewan, Alberta, and Manitoba occupied the first, second, and third positions respectively in wealth per capita, but in 1927 Alberta alone retained its position of second place, while Saskatchewan moved from

TABLE III

WEALTH OF CANADA AND FIVE PROVINCES OF CANADA
FOR THE YEARS 1921 AND 1927

Year	Wealth in Millions		Wealth per Capita for Five Provinces					
	Nat'l.	Man.	Canada	Sask.	Alta.	Man.	B.C.	Ont.
1921	22,195	1,650	2,525	3,757	3,137	2,705	2,604	2,507
1927	27,688	1,887	2,907	3,582	3,757	2,916	4,016	2,995

first to third and Manitoba from third to fifth place. Manitoba in 1927 held the median position among the nine provinces in point of wealth per capita. The per cent which the totals for each province bears to the totals for Canada for the two years 1921 and 1927, as shown in Table III, indicates that the Prairie Provinces

were reduced in position during the six-year period. The reduction amounted to 1.95 per cent for Saskatchewan, 0.42 per cent for Alberta and 1.58 per cent for Manitoba. This indicates very clearly that the fluctuations in revenues from farming, compared with the stability in other industries, has been causing a reduction in the comparative value of farm lands and of the investment in the implements of the farming industry. The shift in position both of the per capita distribution of wealth and in the relation to the total wealth of Canada confirms what has already been stated regarding the slowing up of population increases and the variation in gross income from field crops for the Province

TABLE IV

PER CENT OF TOTAL WEALTH FOR FIVE PROVINCES IN 1921 AND 1927

Year	Per Cent of Total Wealth for Five Provinces				
	Sask.	Alta.	Man.	B.C.	Ont.
1921	12.80	8.80	7.40	6.20	33.10
1927	10.85	8.38	6.82	8.35	34.49

of Manitoba. The data contained in Table V concerning the per capita investment in various industries in Canada for the years 1921 and 1927 still further confirm this finding. Agricultural wealth alone, of the four types of investment, shows a reduction

TABLE V

INVESTMENT PER CAPITA IN CANADA IN DIFFERENT FORMS OF WEALTH FOR THE YEARS 1921 AND 1927

Year	Agricultural Wealth	Per Cent Total Wealth	Urban Real Property	Per Cent Total Wealth	Steam Railways	Per Cent Total Wealth
1921	$749	36.0	$654	25.9	$246	9.7
1927	841	28.9	760	26.2	310	10.6

in the relation which agricultural wealth per capita bears to the national wealth per capita. As agricultural wealth forms a very considerable part of the total wealth of Manitoba the reason for the comparative reduction is apparent and reflects the effect of periodically depressed conditions in that industry since 1921.

Distribution of Income

The amount of income assessed by the Dominion of Canada over a period of years may be taken as one measure of the ability of a province to meet its school obligations. Incomes of individuals and corporations are assessed under the Dominion Income Tax Act. Statistical data concerning income assessments, taken from the Canada Year Books for 1925 and 1930, are compiled in Table VI. During 1927 the exemption limit was raised and the amount of income assessed lowered accordingly; this accounts in part for the very large reduction in assessed income during that year.

The Province of Manitoba ranked third among the nine provinces in the amount of income assessed during the years 1922, 1924, and 1925 and fourth during the years 1923, and 1926 to 1929. Ontario ranked first during the seven-year period, Quebec second, and British Columbia third in the years in which Manitoba ranked fourth.[1] The two latter provinces, British Columbia and Manitoba,

TABLE VI

AMOUNT OF INCOME ASSESSED IN FOUR PROVINCES AND THE PER CENT ASSESSED FOR TWO PROVINCES IN RELATION TO THE TOTAL ASSESSED IN CANADA

Year	Income Assessed in Four Provinces in Millions of Dollars				Per Cent Income Assessed in Manitoba and Ontario Bears to Total for Canada	
	Man.	Sask.	Alta.	B.C.	Man.	Ont.
1923	86.6	56.5	49.7	90.8	5.2	42.9
1924	92.3	50.8	53.3	81.5	8.3	42.7
1925	73.5	40.4	41.8	72.4	7.3	43.6
1926	67.2	35.8	42.6	80.6	6.7	45.6
1927	50.2	27.1	29.7	60.6	6.5	44.3
1928	73.0	39.1	37.2	103.6	7.0	48.2
1929	69.1	45.7	37.7	106.2	5.8	46.4

have large city populations and many salaried individuals. In addition, they have been distributing centres for business firms and the centres of activity for large corporations. Without doubt, Manitoba has been able to maintain her position among the first

[1] Canada Year Book, p. 832. Ottawa: Dominion Bureau of Statistics, 1930.

four provinces in point of assessed income because of the presence of Winnipeg and the business activities centered therein, in spite of the fact that Saskatchewan has a larger population. Although the provinces of Saskatchewan and Alberta ranked higher in wealth per capita, yet at no time during the seven-year period was the amount of income assessed nearly equal to that of Manitoba. This can be attributed to the preponderance of agriculture in the two western provinces and to the greater diversity of industry in Manitoba.

The comparison between Manitoba and Ontario in the per cent relation which income assessments bear to the total for Canada shows sudden variations for Manitoba with a more even upward trend for Ontario. The per cent of income assessments in Manitoba bears a close relation to field crop receipts within that province, and this would seem to indicate that income is significantly affected within the province by large fluctuations in gross receipts from farm produce.

Manitoba's Ability to Provide for Education

Table VII shows the per capita ranking for wealth, income assessed by the Dominion government, school revenue from taxation and government grants, and school revenue from taxation for eight provinces of Canada for the year 1926. This is the most recent year for which statistics are available for all these phases of ability and effort for the eight provinces compared. As revenues from taxation are not reported for Quebec that province is omitted from this comparison. Manitoba ranked fourth in ability as measured by wealth per capita, third in ability as measured by income assessment per capita, fifth in the total provision made for education as measured by revenues from taxation and government grants, and third in revenues from municipal and local district taxation. If the foregoing estimates of wealth and income may be accepted as indexes of ability, then the educational effort of Manitoba, relatively speaking, has not exceeded the ability of the province to provide for public schools during normal economic conditions. However, a comparison between the Eastern and Western Provinces of Canada regarding their ability to provide for education cannot be based upon these data alone. Consideration would have to be given to the fact that the Western Provinces have emerged but recently from pioneer conditions, and that the sudden undertaking, in a large way, of public works and social services has placed a relatively larger burden upon income than would be true were the Western Provinces longer settled. The most significant fact revealed by the column on income in Table VII is

TABLE VII

PER CAPITA RANKING FOR WEALTH, INCOME ASSESSED BY THE DOMINION, TOTAL RECEIPTS FROM GRANTS AND RECEIPTS FROM TAXATION FOR EIGHT PROVINCES OF CANADA FOR THE YEAR 1926

Province	Wealth per Capita	Ranking of Provinces in Wealth per Capita	Income per Capita Assessed by the Dominion Government	Ranking of Provinces in Income Assessed per Capita	Total Receipts per Capita for Public Schools from Consolidated Revenue and Local Assessment	Ranking of Provinces for Total Receipts	Receipts per Capita from Municipal and Local Taxation for Public Schools	Ranking of Provinces for Receipts per Capita from Taxation for Public Schools
P.E.I. ..	$1,675	8	$ 21.28	8	$ 5.24	8	$ 1.92	8
N.S.	1,548	7	58.30	5	6.97	7	5.37	7
N.B.	1,777	6	46.47	6	7.06	6	6.02	6
Ont.	2,902	5	146.43	1	13.42	4	7.71	5
Man.	2,957	4	105.34	3	12.96	5	11.29	3
Sask. ...	3,559	3	42.00	7	15.64	1	12.24	2
Alta. ...	3,608	2	69.02	4	15.19	2	13.36	1
B.C.	3,844	1	140.08	2	13.55	3	9.96	4

the great difference of assessed income per capita among the provinces, the range varying from $21.28 in Prince Edward Island to $146.43 in the Province of Ontario.

CHAPTER III

SCHOOL ORGANIZATION AND THE ADMINISTRATIVE MACHINERY OF SCHOOL FINANCE IN MANITOBA

Introduction

This chapter is intended to show the place and importance of the school district in the system of school financial administration. The Manitoba Act of 1870 gave the Provincial Legislature exclusive authority to make laws in relation to education. Three sub-sections of the said Act, which were intended to protect the privileges of religious denominations regarding educational provision for the children of their respective bodies, made legislation pertaining to such matters subject to appeal to the Governor-General-in-Council, or failing that to remedial legislation by the Dominion government.[1] The problem of financing public schools was made the responsibility of the province. As the Dominion government retained control of public lands, certain survey sections in each township were set aside for the support of public education. The interest accruing from the sale of these school lands was to be paid into the Consolidated Revenue of the province and applied to school purposes. It will be shown in another chapter that at no time has this been a large factor in the total revenue upon which the public system of education in the province has had to depend. The province, therefore, was given control of public education and assumed almost the entire responsibility for its financial support.

Education Made Free to All

In general, education has been made free to all children in Manitoba, up to and including Grade XI, and a school has been placed within reach of almost every child in the province. A child may attend the nearest school without paying fees providing there is sufficient accommodation. Statutory provision has been made by which the Department of Education for the province and the rural municipality in which a pupil resides to pay the fees

---

[1] Alexander Begg, History of the North-West, Vol. I, Appendix 1, pp. xl-xlvii. Toronto: Hunter Rose and Co., 1894.

of non-resident students in secondary grades. In recent years an exception has been made for pupils attending the secondary grades of schools in suburban municipalities under the supervision of an administrator. During the 1932 Session of the Provincial Legislature, an amendment to the Public Schools Act was introduced making provision for the charging of fees in any secondary school of the province should the board of trustees so determine. Owing to the pressure of public opinion the amendment was withdrawn. During the month of March, 1932 residents of the suburban municipalities about the city of Winnipeg challenged the right of the school boards to collect fees from secondary school students resident within the school district. Public opinion was sufficient to compel the withdrawal of the local regulation, hence the principle of public education free to every child up to Grade XI, may be regarded as firmly established. The present economic depression may force a temporary withdrawal of that privilege.

The School District as an Integral Part of the Public School System

The conditions pertaining to frontier settlement in the United States and Canada, coupled with the slow but steady growth of the idea of a system of free public schools, made it almost imperative to grant to communities a large measure of local control in education. Hence, the district system of school administration, inherited from eastern United States, was brought to Manitoba via Ontario. By the Public Schools Act of 1890 the school district was definitely established as the unit of local control, and had clearly defined powers delegated to it. The following section, quoted from the Public Schools Act of 1930 was but an extension of the original seal of incorporation placed upon the school district as the unit of local school administration:

> "19. (1) The trustees of every consolidated school district shall be a corporation under the name of 'The Consolidated School District of . . . ., Number . . . .,' the trustees of every municipal school district shall be a corporation under the name of 'The Municipal School District of . . . ., Number . . . .,' and the trustees of every other school district shall be a corporation under the name of 'The School District of . . . ., Number . . . .,' (giving name and number in each case)."[1]

---

[1]"The Public Schools Act," Statutes of Manitoba, 1930, chap. 34, sec. 19.

Education being a provincial responsibility, and its benefits of more than local significance, it must ever be borne in mind that the duties assigned to the local school district were delegated by provincial statute, and that the right to establish or to dis-establish has always been vested in the provincial government. The school district, therefore, is but a quasi-corporation performing delegated duties which may be allocated to another authority as conditions warrant. No inherent right has been vested in the school district to continue as such for all time. The duties delegated to the school district will be discussed in a later section of the present chapter.

The Organization of the District System

In Manitoba, a public school district may be organized by the municipal council, or, in the case of a union school district, by a board of arbitrators, when it has been shown that there are ten children of school age resident within the territory in question. An appeal to the County Court Judge against the decision of a municipal council or of a board of arbitration is allowed. Under the provisions governing the formation of school districts it has not been difficult to have school districts formed throughout the province, as municipal and court officials have, in general, shown a keen interest in seeing that school provisions were made available for all children. In general, the initiative in this matter has begun and ended with the people, the powers of the Provincial Department of Education being advisory rather than mandatory.

As secondary education has been superimposed upon elementary education, the school district has become the local administrative unit for all business pertaining to elementary and secondary education, and the business of both branches has been conducted by the one board of trustees elected by the rate-payers of the school district concerned. Although permissive legislation has existed for some years for the formation of overlapping "High School" districts, none have been organized. For some years permissive legislation has existed for the formation of municipal school districts, but the Municipal School District of Miniota, formed in 1919, has been the only area within Manitoba to avail itself of this legislation. In municipalities that have failed to meet current loans, guaranteed by the provincial government, elected councils have been replaced by administrators. The Lieutenant-Governor-in-Council has the power to place a school district, which has failed to finance its school or for other cause, under an official trustee. This, however, does not alter

the statutory methods of financial administration.

With the exception of a municipal school district, a municipality placed under an administrator, four cities, and a few incorporated towns, school district boundaries do not coincide with municipal boundaries. School districts formed from the adjacent lands of more than one municipality are called union school districts. Apart from submitting to arbitration certain matters of concern to more than one municipality, the administration of a union school district does not differ from that of a non-union school district, the lands of which are situated within one municipality. Likewise, the board of trustees for a consolidated school district transacts all the public school business of the consolidated area. One school district, one board of trustees, and one school budget for all public school services within the school district area, has been the practice for many years throughout the province of Manitoba.

Figure 3 is a map of the rural municipality of Dauphin and of the town of Dauphin, showing school district boundaries, the location of school buildings, and the location of resident children of school age for the majority of the rural school districts. School districts vary in the range of administrative duties from those required of a school board in a one-room rural school with a single teacher doing elementary work to those of a district such as the city of Winnipeg with 1050 teachers. School boards vary in size from three members in the one-room rural school district to 15 in the city of Winnipeg. There may be many school districts and many trustees within the same rural municipality. The rural municipality of Dauphin, for example, has 33 non-union schools and parts of seven union school districts. Of the 33 non-union schools 30 are one-room schools, the districts varying in taxable area from 40 quarter sections in Rigby to 78 quarter sections in Sandringham. All 33 districts have three trustees each, so that there are within this municipality at least 99 school trustees administering 36 classrooms and a total annual budget during 1930 of $44,500, while 15 trustees in the school district of Winnipeg administer 1050 classrooms and a budget (during the year 1930) of $3,500,000.

Powers of School Boards to Budget, and to Expend Public Funds for School Purposes

Trustees are required to operate their schools for a period of two-hundred days in each year except where provision has been made for the transportation of the children of the district to a neighboring school, or when, because of financial

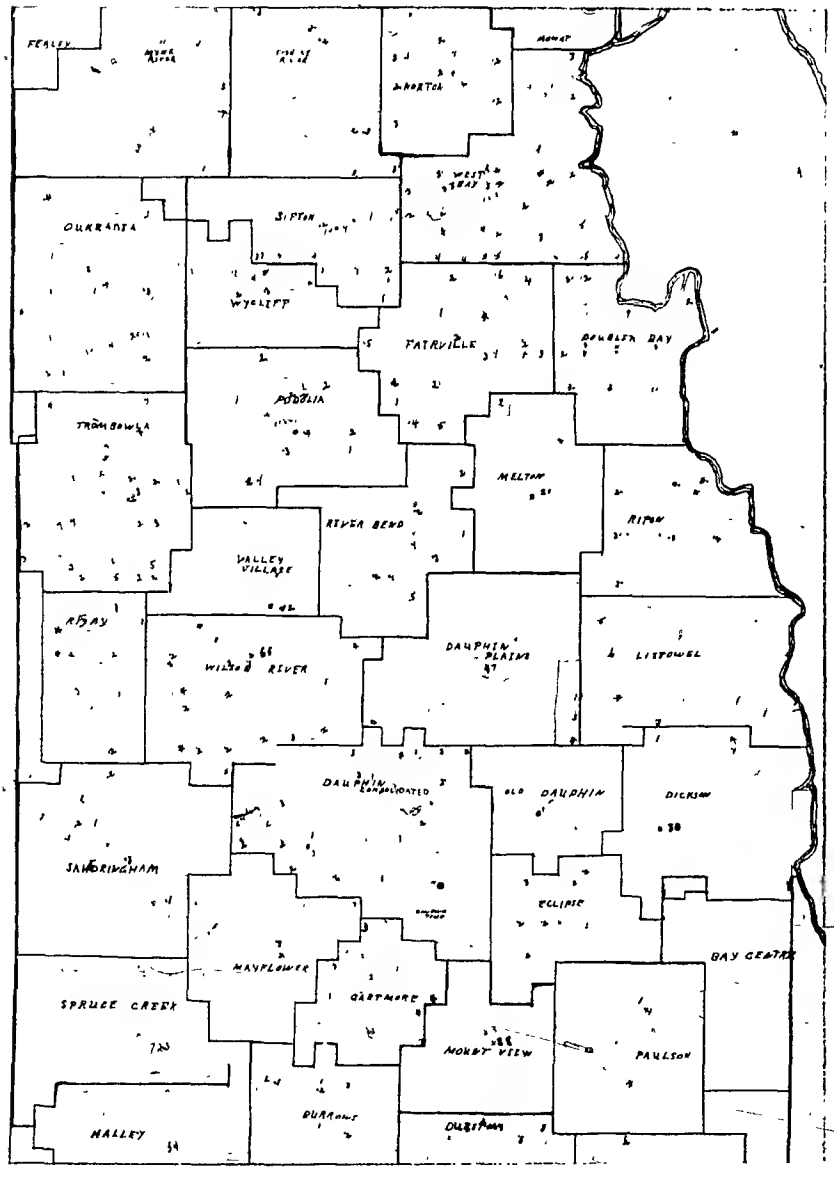


Fig.3.— Map of the Rural Municipality of Dauphin and of the Town of Dauphin showing the school district boundaries, the location of school buildings, and the location of resident school children.
—Boundaries of school districts. ⊗-Town of Dauphin.
X Location of rural school. Numbers-Resident school children

limitations and difficulties, the Department of Education has limited the school year to eight months. The powers of the school board of each district are defined in the matter of incurring liabilities and in the expenditure of school district funds. They are obliged to make adequate provision for elementary education and are permitted to extend their range of activities quite beyond the minimum standards for elementary education set up by the Provincial Advisory Board. Tables VIII and IX contain a brief summary of the obligatory and permissive fields of school expenditure open to local school boards, and also the safeguards placed upon certain types of school expenditure.

TABLE VIII

FIELD OF OBLIGATORY DISBURSEMENTS AUTHORIZED BY AND UNDER THE JURISDICTION OF THE SCHOOL BOARD, ALSO SAFEGUARDS

Expenditures Which School Boards Are Obliged to Make	Supervisory Safeguards
To provide suitable classroom accommodation	Limited as to amount expended for bond issues
To provide sanitary and comfortable living conditions	
To provide adequate equipment and supplies for the comfort and instruction of the pupils	
To provide the necessary maintenance services	All subject to the standards set up by the Advisory Board
To provide proper instructional services	
To provide suitable playground space and playground materials	
To provide transportation in consolidated districts and to a limited extent under other conditions	
To insure school property	

The Public Schools Act requires, once a school district has been organized, that the trustee board elected by the ratepayers make provision for accommodation, equipment, and instruction for elementary education. The standards set by the Department of Education and the Advisory Board for the Province

TABLE IX

FIELD OF PERMISSIVE DISBURSEMENTS AUTHORIZED BY AND UNDER THE JURISDICTION OF THE SCHOOL BOARD, ALSO SAFEGUARDING SUPERVISION

Permissive Expenditures	Supervisory Safeguards
To provide kindergarten instruction	Subject to the regulations of the Department of Education
To establish secondary school departments	Subject to approval of the Department of Education
To establish night schools	Subject to approval of the Department of Education
To establish manual training domestic science, technical and industrial education	Subject to approval of the Department of Education
To expend monies on roads	Subject to approval of the Department of Education
To sell bonds for capital outlay	Subject to approval of the ratepayers and the Municipal Board
To appoint a superintendent of schools	Subject to approval of the Department of Education
To provide apparatus for secondary education	Subject to approval of the Department of Education. Grants depend upon standard equipment
To provide apparatus for play	
To appoint administrative officers	
To provide teacher's residence	Subject to approval of the Department of Education or of the Municipal Board if bond issue necessary
To provide for complimentary educational banquets	
To pay expenses of representatives to Trustees' Convention	
To provide a pension for officers and employees	
To borrow on promissory note or overdraft	

TABLE IX (Continued)

Permissive Expenditures	Supervisory Safeguards
To create a reserve fund for current expenditure up to 60 per cent of current expenditure and to add one mill to levy to create a reserve fund for capital expenditure. (Incorporated cities, towns, villages only)	Subject to assent of rate-payers
To establish a consolidated school district	Subject to assent of rate-payers

determine the minimum provision which may be made for these requirements. Salaries paid to teachers have been determined by supply and demand, and by prevailing economic conditions, rather than by influence of provincial law or regulation. From this it is evident that the minimum costs incurred for elementary education lie, during normal economic periods, to some extent at least, beyond the control of the district board of trustees and are in reality determined either by law, regulation or economic conditions. Only in so far as building and equipment costs indicate expenditure beyond the minimum requirements of the school district are these items of elementary school expenditure under local control; and only in so far as school districts are willing to pay more than the going wage are salary expenditures under their control.

The field of permissive expenditure places a considerable measure of responsibility for increased school costs upon the school district. The setting up of a secondary school department, while it must have the approval of the Department of Education and measure up to certain standards before receiving Provincial Grants and examination privileges, is instituted through local initiative and comes about largely as the result of local decision. The one additional standard demanded for a consolidated school district, before it can claim the Municipal and Provincial Grants originally earned by the former school districts of the consolidated area, is that it shall provide adequate transportation facilities. Transportation costs, however, are made contingent upon the decision of the rate-payers to form a consolidated school district. A municipal school district is not compelled to make educational provisions beyond that required of any elementary school. Facilities for secondary education and for transportation within such

districts are provided by and depend entirely upon the will of the people. More than ordinary outlay for capital expenditure must first receive the approval of the rate-payers and then run the gauntlet of the Municipal Board. In general, instructional, maintenance and capital costs for elementary education are made the responsibility of the school district. It is equally true that instructional, maintenance and capital costs for secondary education, and the costs of transportation lie wholly within the right of the school district either to accept or to reject. Once the approval of the rate-payers or of the Department of Education has been secured, the board of trustees has a large measure of authority in making provision for the instructional and current maintenance of secondary education.

From the foregoing analysis of the obligatory and permissive duties delegated to the trustee boards of school districts, it is evident that wide legislative provision has been made for the education of the children of the province. The central body, the Department of Education, through its inspectorial staff and a well organized office staff, exercises supervisory as well as limiting authority. The Advisory Board, in which the Department of Education has had considerable influence, has complete control of the curriculum, the authorization of textbooks, the standards of training for and the certification of teachers, the conduct of examinations, and the setting of standards for buildings and equipment. The fact that the payment of Provincial Grants to schools may be made dependent upon the school district maintaining a minimum standard, and that in turn, upon the report of the school inspector, has strengthened the position of the Department of Education and of the Advisory Board. It is obvious that an increase in the number of school districts receiving increased grants would add still further to centralized control. The inherent weakness of the school district, consisting in the small number of its rate-payers, the limited financial resources at its disposal, the lack of training for the position of many of its officials, has actually compelled an increase of centralized control. On the other hand, public opinion in rural areas has feared that the increase of centralized control would mean a more aggressive school policy and increased taxation. The large number of rural school districts, the close association of the school district ideology with rural opinion, and the resultant effect upon the decision in provincial elections has been a constant check to the growth of a high degree of autocracy in the central administrative set-up. This discussion is somewhat apart from the main theme of the study, but it serves to show how the delicate play for increased control, which was made possible by the balance

between local and centralized authority, would to some extent nullify the effect of regulations and permit a wide interpretation of the same in favor of local authorities. Within the limitations of the School Act the district school board has had a reasonable degree of freedom to incur liabilities and to expend school district funds.

The School District Budget

School district revenue has been derived from Provincial Grants, General Municipal Grants, Special District taxation, and fees from non-resident pupils. During recent years the fees have been paid by the Department of Education and the municipality in which the permanent residence of the pupil was located. The school board has had to prepare and submit the annual budget to the council of the municipality for levy and collection of that part of the revenue which was raised by local taxation. Section 57, sub-section (0) of the Public Schools Act pertaining to the duties of trustees in this respect is quoted in full as follows:

> "To apply to the municipal council at or before its first meeting after the thirty-first day of May for the levying and collecting by rate of all sums required during the current calendar year for the support of their school or schools and for any other school purposes authorized by this Act to be collected from the ratepayers of such district, including the purchase of school sites and the erection or otherwise acquiring of school houses, teachers' residences and their appendages, said application to show the amount required respectively for: (1) salaries; (2) sinking fund; (3) interest; (4) buildings; (5) sites; (6) furnishings and repairs; (7) transportation; (8) fuel; (9) sundry expenses not specified, provided that nothing herein contained shall be so construed as to authorize the raising of money for capital expenditures except as provided in sections 203 to 224 of this Act."[1]

The foregoing quotation shows that even within the limitations of the Public Schools Act the board of trustees has had considerable power in estimating the financial requirements for the district. As the school board must submit a statement of its receipts and expenditures to an annual meeting of the rate-payers of the school district, public opinion serves as a check upon the amount of revenue sought and the size of the budget. The financial books of the board of trustees must be audited annually by one auditor appointed by the board of trustees and one appointed at the annual

---

[1] Ibid., sec. 57.

meeting of rate-payers. It may be stated at this point that many of those who budget for school district requirements as well as those who audit school board books have had no specific training in this regard; indeed, it can be truthfully stated that a percentage have not had sufficient education to perform either duty efficiently. In addition, the financial provisions have frequently been made dependent upon variations of aggressive or of restricted local school policy, so that neither the needs of the children nor the ability of the district nor of the municipality, have always determined the size of the school district budget. To delegate the right to budget is to assume a training in financial administration quite beyond that of at least a number of those to whom has been entrusted the management of school monies. The only educational qualifications demanded of a trustee are that he shall be able to read and write and to understand the Public Schools Act. The ability to read and write is not a criterion of ability to understand public finance. Except in rare instances of appeal against the election of a trustee, individuals are not examined as to their ability to understand the Public Schools Act. It is obvious that the educational requirements for trusteeship do not guarantee ability to budget for school needs, especially when such a large number of trustees are elected to administer the affairs of many school districts. The foregoing applies with equal force to the district system of administering school monies.

The Responsibility of the Municipality in the Matter of Raising School Monies

The municipality is directly concerned with the financial administration of the public schools in that it is the vehicle for levying, collecting, and paying to school districts all public monies raised locally for education. The municipal council can neither add to nor subtract from requisitions for levies legally prepared and submitted by school boards. The municipal council may be required to levy and collect three distinct school taxes -- the General Municipal Grant, the Non-Resident Tuition Grant, and the Special District Levy as shown in part by the following quotations from the Public Schools Act:

> "For the purpose of supplementing the legislative grant it shall be the duty of the council of each rural municipality to levy and collect each year, by assessment upon the taxable property within the municipality, a sum equal to three dollars and sixty cents for each day for which school has been kept open in each school district in the municipality during the

current calendar year; and for each school district partially included within the municipality they shall levy and collect in like manner a proportionate part of three dollars and sixty cents per day as fixed in the manner hereinafter provided. A school district which employs more than one teacher shall receive said sum of three dollars and sixty cents per day for each teacher employed, but in no case shall any district receive aid under this section for a period exceeding two hundred days in any calendar year."[1]

"From the monies so levied and collected by a municipality, the council shall, upon the first day of December following, pay over to each school district wholly or partially included in the municipality, one-half the sum of three dollars and sixty cents per day, or the proportion thereof allotted to such district as hereinbefore provided, and, upon the thirty-first day of January following, shall pay over the whole of the balance due to the said trustees whether the necessary amount has or has not been fully collected from the tax levied for the same; provided that no board of trustees shall be entitled to receive a larger total amount for the calendar year than three dollars and sixty cents for each teacher, for each teaching day within the same that they have actually had a teacher engaged at a salary; and in case of doubt or dispute as to the number of days the certificate of the inspector shall decide."[2]

"When any municipality is unable, by reason of inability to collect the same to pay over the moneys so levied or any portion thereof to any school district as provided in the preceding section and the trustees of such school district are unable to maintain their school in operation without the payment of the said moneys, the municipality, by by-law, which shall not be required to be submitted to or receive the assent of the ratepayers as in the case of money by-laws under 'The Municipal Act,' may borrow by promissory note or notes of the municipality or by bank overdraft repayable with interest at such rate and at such time or times as may be agreed upon, the amount of money by which the returns from such levy are deficient.

"The Lieutenant-Governor-in-Council may authorize the guaranteeing of and accordingly guarantee the repayment of

---

[1] Ibid., sec. 224.

[2] Ibid., sec. 227.

the whole or any part of the moneys so borrowed, or which it may be necessary for the municipality to borrow to enable it to pay to the trustees the money due under section 238, in the same manner, and subject to the same conditions as if the moneys so borrowed were advances of money the repayment of which may be guaranteed under section 93 of 'The Treasury Department Act,' and the said section or other enactment in amendment or substitution thereof shall, so far as applicable, apply to the guaranteeing by the Lieutenant-Governor-in-Council of the repayment of moneys borrowed hereunder, provided that the total amount which may be guaranteed under this section shall not exceed the sum of five hundred thousand dollars.

"Whenever a municipality which has borrowed money the repayment of which has been guaranteed by the Lieutenant-Governor-in-Council under this section shall fall in arrears with its payments to such school districts or any of them in a sum exceeding one year's levy for school purposes in the municipality the municipality shall thereby be deemed to be in serious financial difficulties and an administrator shall be appointed to administer its affairs and the provisions of section 181 B 'The Municipal Act' shall apply to the appointment, duties, powers and guidance of such administrator and to the powers of the Lieutenant-Governor-in-Council in all such cases until the moneys guaranteed as to repayment by the Lieutenant-Governor-in-Council hereunder have been repaid and all such arrears have been paid to the school districts affected."[1]

"The council of every rural municipality shall also levy on the taxable property in each school district the sum of money required by such school district in addition to the legislative grant and the general municipal levy as above provided. In the case of union school districts, the council of each of the municipalities of which the union district is composed shall levy and collect as aforesaid said sum in the proportion in which the assessment of the part of such union districts within the municipality bears to the whole assessment of such union district as equalized under section 265 (2)."[2]

The general municipal levy must be paid to each school district irrespective of whether or not the taxes have been collected. The municipality may borrow monies in lieu of taxation

---

[1] Ibid., sec. 228, sub-sections (1), (2), (3).

[2] Ibid., sec. 235, sub-section (1).

and all or part of a loan so arranged may be guaranteed by the Provincial Government. When a municipality which has obtained a loan under these conditions "falls into arrears in respect to its payments to school districts in a sum exceeding one year's levy," the council may be dismissed and an administrator appointed, or if it is evident that the area cannot bear more than the school burden, the municipality may be disorganized. Seven municipalities were operated by administrators for this cause in 1930 and others had been disorganized.

If requisitioned by the school district, the municipality is required to levy each year on all taxable property within the municipality, not including that of the secondary school concerned, a sum sufficient to pay the difference between the total cost for a non-resident pupil and that contributed toward his tuition by the Department of Education. While the aggregate of this for the province is a considerable sum the burden is not a serious one for any one municipality. This enactment has had the effect of equalizing opportunity for secondary education.

The Council is also required to levy on the taxable property in each school district for the special district levy. All school taxes collected, or due, and remaining unpaid are considered a debt due by the municipality to the trustees and are supposed to bear interest at the rate of seven per cent per annum.

From all this it is evident that not only has the municipality been made the vehicle for levying and collecting taxes but also has been made responsible for the payment of a large part of the school levy whether or not the taxes have been collected. Without having a direct voice in school policy or expenditures, and without any administrative machinery which could possibly estimate the burden of school expenditure in relation to the ability of the municipality to pay, and irrespective of economic conditions and tax arrears, the municipality is required to secure funds for a large part of public school provisions even at the cost of municipal bankruptcy. The Public Schools Act, the Municipal Act, and the Assessment Act all assume that there is sufficient taxable wealth in rural areas to maintain municipal undertakings and, out of the same tax base, to provide funds for a large part of the burden of public schools, although those responsible for requisitioning and administering school funds may or may not have a vision of the ability of the municipality to bear the load.

The Trend toward a Larger Administrative Unit

Throughout the present century one body of opinion within rural Manitoba has persistently favored enlarging the unit of local school administration. Although many arguments were advanced in favor of the larger unit that most frequently urged appears to have been the extension of secondary school facilities to a larger number of rural children. The movement did not have its inception in financial stress; in fact, quite the opposite was true, as consolidation and the organization of the one municipal school district have increased school costs commensurate with the increased educational services provided. The primary thought underlying the larger-unit movement throughout the period was undoubtedly the distribution of better educational facilities to a larger number of rural children. The matter of the ability of the new unit to bear the added costs of improved educational facilities was assumed, without attempt to measure, by the proponents of the larger unit.

The first consolidated school districts were established in 1906. From that date the movement gained force until the latter years of the War, and ended with the depression of 1921-22. During that time 108 consolidated school districts were formed. The Miniota Municipal School District was formed in 1919. This district undertook to make secondary education and transportation available to all children within the unit. Once again the depression of 1921-22 and the strain of taxation made themselves felt and prevented further development.

The statutes making provision for the formation of consolidated and municipal school districts extended to them the usual powers of the school district, and increased their grants in recognition of the added services rendered.

It has been shown that the province assumed the responsibility for public education conferred upon it by the Manitoba Act of 1870. Furthermore, it has been shown that the Public Schools Act has recognized, in general, the right of all children to some measure of equality of educational opportunity up to and including Grade XI. Through the adoption of the district system the province delegated certain administrative duties and responsibilities to the local community. It would appear as if the government has for many years considered that the school district should have local self-government, subject to the limitations of the Public Schools Act.

It would also appear as if those who framed the Public Schools Act assumed that ability to estimate school needs, to estimate the ability of the local unit to provide for public school needs and to administer public funds, was widely diffused among the people of the province.

CHAPTER IV

PROVINCIAL AID TO EDUCATION

Introduction

Provincial aid should be understood as that contribution which the people as a whole give to educational services. Such contributions of a general nature are paid out of the incomes of individuals or of corporations. There are no other sources. The Provincial Treasurer's Department is but the distributing agent for monies received from these sources. The Legislature determines how these monies shall be spent and the Government administers the spending. Nevertheless, it is money paid out of the incomes of the people that is being spent. It follows that monies which may be utilized to increase the amount of provincial aid to education must be sought through the reduction of other provincial expenditures, or through increased taxation upon income, no matter what the tax mechanism employed. It must also be understood that the distribution of provincial aid to education is believed to represent the contribution of those who are considered financially stronger to those unable to provide educational facilities commensurate with the universal ideals of a provincial system of public schools. It is the purpose of this chapter to indicate trends in the distribution of provincial aid to education in Manitoba during recent years.

In the distribution of provincial aid there must be taken into consideration contributions which are of general value to all. Individual school districts are not the only concern of the province. There are educational services of a general nature which lie quite beyond the ability of school districts to provide locally. Naturally, such services as teacher training, inspection, provincial examinations, the administration of the Public Schools Act, etc., come within this class of general educational services. Such services are an essential part of a modern system of public schools; in fact, until such services are provided we cannot have what may be termed a system of education. They form the core and driving force of the whole educational structure. The growth of these services and the increasing cost of their administration are phases of the provincial effort to provide educational facilities for an increasing population. They are

also phases of the general improvement of the whole educational structure in keeping with the demands of a new day and a changing civilization. The cost of these services represents the general overhead of the whole public school system. It represents a direct contribution by all to all. As such its value and its cost should not be lost sight of when discussing the problem of distributing provincial aid to school districts.

Provincial aid to education is paid out of Consolidated Revenue. There is not a provincial levy for school purposes, nor a public school fund, except the interest on school land funds held by the Dominion Government and paid to the province annually. For the fiscal year ending June 30, 1930 this amounted to $315,301.24.[1] The Provincial Government through the Department of Education supervises the administration of the Public Schools Act and the Regulations of the Advisory Board. As formerly stated, it provides certain educational services of recognized general needs such as teacher training, inspection of schools, provincial examinations; makes a grant to the Provincial University, and, in addition, supplements the educational effort of public school districts. General educational services, including a grant of $500,000 to the University of Manitoba, amounted to $1,102,002 and grants to schools to $1,294,323 for the school year ending June 30, 1930.

Legislation Governing Grants to Public Schools

Grants to public schools may be classified as follows: (1) Legislative grant, (2) the Teacher Tenure grant, (3) Assessment grants, (4) the Unorganized Territory grant, (5) Special aid to weak schools, (6) Consolidated and Transportation grants, (7) Special service grants, and (8) Secondary School grants.

As shown in the quotation immediately following this paragraph, the Legislative grant is paid per teacher per day for all elementary and secondary schools maintained according to the minimum standards set up by the Public Schools Act and the Advisory Board for the province. This grant appears to be in recognition of meeting minimum standards but bears little relation to the ability of school districts, in general, to provide educational services. It has had a varied history in so far as the amount paid is concerned. The peak was reached in the year 1888 when this grant was raised to seventy-five cents per day. A few years later it was reduced to $130 per teacher per annum and in

---

[1] Public Accounts of the Province of Manitoba for the Fiscal Year 1929-30, p. 6. Winnipeg: King's Printer, 1930.

1916 was once more increased to seventy-five cents per day with an allowance of ten dollars per annum deducted for library purposes. Owing to economic conditions the library reduction was withdrawn for 1931 and the grant again amounted to the sum paid in 1916. One would be justified in concluding that a succession of governments have considered a uniform grant, which fails largely to recognize ability, a satisfactory method of distributing provincial aid to education.

> "Out of such moneys as may be granted by the legislature for the purpose the Provincial Treasurer shall pay semi-annually the sum of seventy-five cents per teacher to each school district for each teaching day its school is in operation, during any period or periods not exceeding in all two hundred days in each calendar year; provided that in each school district, except in cities, a sum which shall not be less than ten dollars nor more than fifteen dollars per teacher shall be expended annually for the purposes of equipping and maintaining a school library, which expenditure the Department is hereby authorized to arrange for and to charge against such grant."[1]

The Teacher Tenure grant was placed on the statutes of the province immediately following the recommendation of the Educational Commission in 1924.

> "The Department may grant a further sum not exceeding fifteen cents per day for the second year of service and not exceeding twenty-five cents per day for subsequent years of service to any rural school district employing only one teacher where the same teacher is retained in charge of the school for two or more years consecutively."[2]

It was expected that a grant of this nature would have a desirable effect upon the tenure of teachers in one-room rural schools. Whether or not the desired result has been secured to any degree would be difficult to determine. Trustees have not always paid this grant to teachers. Owing to the tendency under recent economic conditions to have a growing surplus of teachers, it would appear as if this grant has outlived its usefulness for some years to come.

Legislation governing the payment of Assessment grants, at present provided for in the statutes of the province, is as follows:

> "In addition to the grant provided in the preceding section the Provincial Treasurer may pay the following grants in

---

[1] "Public Schools Act," Statutes of Manitoba, 1930, sec. 288 (1).

[2] Ibid., sec. 288 (c).

the case of rural school districts situate in unorganized territory and in the case of rural school districts situate in rural municipalities where the average assessment per teacher for the municipality on the equalized basis is less than one hundred thousand dollars, namely:

(a) to a district having an assessment of less than ten thousand dollars per teacher on the equalized basis the sum of two dollars and twenty-five cents per teacher per teaching day;

(b) to a district having an assessment of not less than ten thousand dollars but less than fifteen thousand dollars per teacher on the equalized basis the sum of two dollars per teacher per teaching day;

(c) to a district having an assessment of not less than fifteen thousand dollars but less than twenty thousand dollars per teacher on the equalized basis the sum of one dollar and seventy-five cents per teacher per teaching day;

(d) to a district having an assessment of not less than twenty thousand dollars but less than twenty-five thousand dollars per teacher on the equalized basis the sum of one dollar and fifty cents per teacher per teaching day;

(e) to a district having an assessment of not less than twenty-five thousand dollars but less than thirty thousand dollars per teacher on the equalized basis the sum of one dollar and twenty-five cents per teacher per teaching day;

(f) to a district having an assessment of not less than thirty thousand dollars but less than thirty-five thousand dollars per teacher on the equalized basis the sum of one dollar per teacher per teaching day;

(g) to a district having an assessment of not less than thirty-five thousand dollars but less than forty thousand dollars per teacher on the equalized basis the sum of seventy cents per teacher per teaching day;

(h) to a district having an assessment of not less than forty thousand dollars but less than forty-five thousand dollars per teacher on the equalized basis the sum of fifty cents per teacher per teaching day;

(i) to a district having an assessment of not less than forty-five thousand dollars but less than fifty thousand dollars per teacher on the equalized basis the sum of twenty-five cents per teacher per teaching day."[1]

These grants were authorized for the first time in 1924 as a result of the Report of the Educational Commission. As the

---

[1] Ibid., sec. 289, sub-section (1).

equalized assessment was supposed to represent wealth this marked the first real attempt to introduce the principle of distributing funds on the basis of ability to provide educational services. Provision existed as early as 1914 for giving special aid, up to $100, to needy school districts, but the practice was not widely extended until 1924.

Provisions governing the Special Grant for schools in unorganized territory are quoted in full as follows:

> "(2) In addition to all other grants there may be paid to school districts situated wholly in unorganized territory the sum of one dollar per teacher per teaching day; and in the case of any school district situated partially in unorganized territory a proportionate sum may be paid on the recommendation of the inspector.
>
> "(3) The grants payable under this and the preceding section may be paid direct to the teacher or teachers at the discretion of the Department.
>
> "(4) In any school district receiving special aid under this section the Minister may make such adjustments of boundaries or other arrangements including the provision of transportation or the payment of board and lodging as will in his opinion provide educational facilities for the children of such district at a minimum cost.
>
> "(5) None of the grants provided in this section shall be payable for any period exceeding one hundred and sixty days in any calendar year."[1]

A special grant of not more than two hundred dollars per teacher per annum may be paid to needy school districts on the recommendation of the public school inspector. The immediate needs of a school district may not always be readily understood. Indeed, one of the greatest problems confronting the central administrative body for the province is that of estimating the ability of many small administrative units.

Consolidated school districts received the aggregate of the Legislative grants originally paid to the school districts concerned, previous to the merger. They also received a sum not exceeding fifty per cent of the total costs of transportation. All but one consolidated school district received forty per cent of the total costs of transportation for the school year ending June 30, 1930; the one received fifty per cent. The transportation grant might be considered a special service grant, recognizing effort but not specifically taking into consideration ability to provide.

---

[1] Ibid., sec. 289, sub-section (2).

Special service grants were made for school libraries, science equipment, domestic science, manual training, and similar services. The total amount paid annually for such special service grants has not been large.

A secondary school department employing one teacher was known as "Intermediate"; two teachers "High school"; three teachers "Collegiate Department"; four or more teachers "Collegiate Institute." Secondary school grants amounting to $600, $1100, $1500, and $2400 per annum, respectively, were paid to school districts doing secondary work according to the foregoing standards prescribed for secondary schools. The Department of Education also paid five dollars per pupil per month toward defraying the cost of non-residents. The first type of grant was made in recognition of school district effort to provide secondary education; the second to make it possible for farm children to take advantage of the training provided in the neighboring high school.

Whether or not provincial grants to the public schools of Manitoba are equitably distributed will be discussed in another chapter of this study. It is quite evident that previous to the Report of the Educational Commission there existed a growing tendency in the distribution of the provincial aid to recognize effort. This marks a distinct advance over the old theory, in practice, of the sufficiency of one general grant per teacher. Without doubt, the recognition of effort encouraged the formation of consolidated districts and contributed to the spread of secondary school departments. The large increase in the General Municipal Levy at 1922 introduced the principle of ability into the field of local educational enterprise in a large way. Not until after the Report of the Educational Commission in 1924 was this principle recognized to any appreciable degree in the distribution of provincial aid to schools.

Provincial Aid to Education Compared with That to Other Services

Current expenditure for provincial undertakings and provincial grants to community enterprises of a public nature have increased steadily since 1905 with the exception of the period centering about the year 1924. Although provincial aid to education has increased steadily in amount during the twenty-five-year period it has varied in relation to that for all provincial services, from 26.3 per cent in 1905 to 14.04 per cent in 1910, 19.79 per cent in 1924 and 17.57 per cent of the total in 1930. Fluctuations in the relative amount of aid to education and to all other provincial services, as shown in Table X, have been due to

the rapid extension of provincial aid, over an ever-growing field of activities, rather than to any inclination on the part of the government to reduce aid to education. Hospitals, child welfare, old-age pensions and soldier's taxation relief are but a few of the many public interests which have made increasing claims upon provincial revenues.

TABLE X

GROWTH OF PROVINCIAL AID TO EDUCATION COMPARED WITH PROVINCIAL AID TO OTHER SERVICES

Year	Provincial Expenditure for All Purposes (000)	Provincial Aid to Education (000)	Per Cent Provincial Aid to Education of All Provincial Expenditure
1904-5	$ 1,398	$ 368	26.30
1909-10	3,234	454	14.04
1914-15	6,026	901	14.95
1919-20	10,602	1,550	14.62
1923-24	10,455	2,169	19.79
1928-29	11,103	2,146	19.33
1929-30	13,637	2,396	17.57

The question arises as to the comparative importance of all provincial services. This question also arises when one undertakes to compare the local contribution to public schools with the cost of all other municipal services. But the moment one undertakes to examine the relative importance of services, education rises above that of building of roads and laying pavements. The latter is largely local in its benefits, the former universal in its effects. The school district does not retain the product of its school neither should it limit its possibilities for universal good.

Increase in Provincial Aid to Education

Provincial aid to education meets the needs of a much wider educational field than that of grants to public schools, as inspection of schools, teacher training, the University of Manitoba, and similar services are supported either wholly or in part out of the Consolidated Revenue of the province. Although the amount of

money expended in grants to public schools has increased steadily, the upward trend as shown in Table XI has not been so rapid during the period 1924-30 as formerly; indeed, compared with provincial aid to all educational services the trend has been steadily downward since 1910. This has been due to the increasing number of, and emphasis on, other educational services, and to the growing tendency for the province to assume a larger measure of responsibility for new educational services and for those which are not essentially local in character. Although the amount of per teacher grant to schools has remained constant since 1916, that for secondary education increased sharply in 1923 but since that date has remained fixed. Increases in the amount of grants to secondary education since 1923 reflect increases in enrolment and in the number of secondary school classrooms and departments. A study of the distribution of provincial aid to education over a period of years would seem to indicate that provincial policy in this regard has become somewhat clearly defined, in that it has been determined to leave to the local community a large part of the burden of elementary education, to relieve the local community of a larger part of the costs of secondary education, to provide the costs of general educational services, and to contribute liberally toward other worthy, local, educational efforts.

The Distribution of Grants for the School Year Ending June 30, 1930

A further analysis of the item "Grants to Public Schools," for the year ending June 30, 1930, contained in Table XI and illustrated in Figure 4, shows that the Legislative grant per teacher, or teacher quota grant of seventy-five cents per day, or approximately $150 per teacher to the school operated for two hundred teaching days, amounted to the sum of $539,960 for elementary school departments and to $79,000 for secondary school departments. In addition, elementary schools received the sum of $165,795 under Assessment, Unorganized and Special grants, and $19,321 under Teacher Tenure grants, while secondary schools received the sum of $212,956 in Special Aid grants, and $36,456 in tuition fees for non-resident students. The item of $65,246 shown in Table XII is made up of both special aid and general services.

The Transportation grant is here treated as a special item and is not placed in the totals of either elementary or secondary school grants. While an analysis of the points at which Transportation grants assist local school districts indicates that both elementary and secondary school pupils benefit therefrom, it also indicates that transportation provisions for

TABLE XI

THE DISTRIBUTION OF PROVINCIAL GRANTS TO SCHOOLS AT VARIOUS INTERVALS BETWEEN 1905 AND 1930

Year	Total Provincial Aid to Education	Total Provincial Grants to Schools	Per Cent Grants Which Were of Total Aid	Total Provincial Grants to Elementary Schools	Per Cent Elementary Grants Which Were of Total Aid to Education	Total Provincial Grants to Secondary Schools	Per Cent Secondary Grants Which Were of Total Aid to Education
1904-5	$ 368,533	$ 239,141	64.9	$239,141	64.9	...	...
1909-10	454,618	309,427	68.1	270,904	59.5	$ 38,523	8.5
1914-15	724,560	427,915	59.0	395,714	44.6	32,201	4.4
1919-20	1,331,861	748,934	56.2	654,934	49.2	93,505	7.0
1923-24	1,977,707	1,100,963	55.6	814,712	41.2	286,251	14.4
1927-28	2,146,416	1,176,025	54.7	857,592	39.9	318,432	14.8
1929-30	2,396,325	1,294,323	54.0	944,491	39.4	349,831	14.6

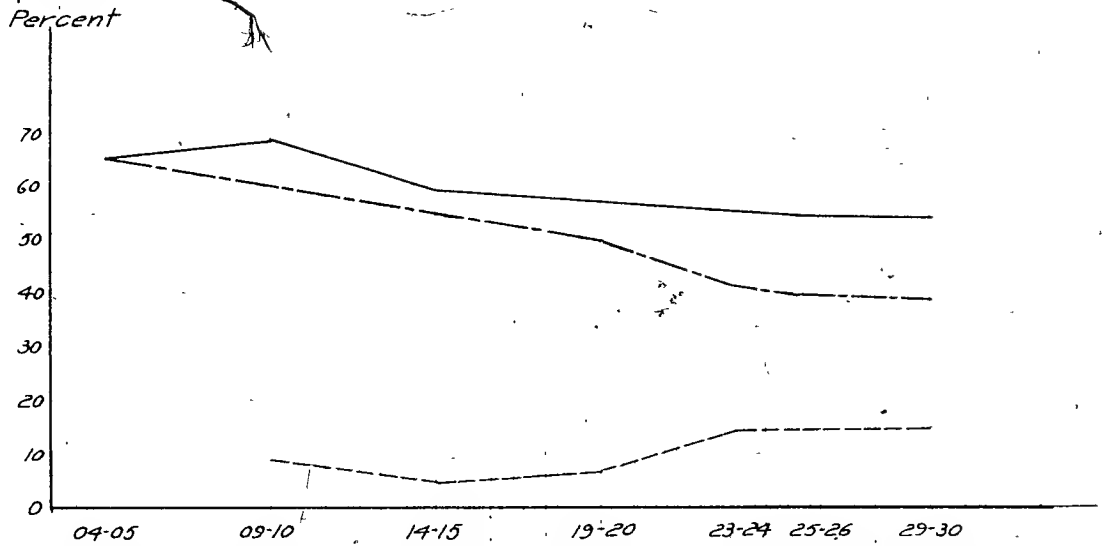


Fig.4.—Showing the relation of all school grants, of elementary and of secondary school grants to the total of provincial aid to education at intervals, 1905-1930

-·-·- Percent secondary grants are of total aid —— Percent all grants are of total aid

- - - Percent elementary grants are of total aid

TABLE XII

DISTRIBUTION OF GRANTS TO ELEMENTARY AND SECONDARY SCHOOLS FOR THE SCHOOL YEAR ENDING JUNE 30, 1930

Grade of School	Item for Which Grant Was Paid	Amount of Each Grant	Total to Each Grade of School
Elementary	Legislative Grant	$539,960	
	Assessment and Unorganized Territory Grants	129,345	
	Special Grants under Section 295	36,450	
	Teacher Tenure Grant	19,321	
	Miscellaneous	65,246	$790,322
Secondary	Legislative Grant	79,000	
	Special to 125 intermediate departments at $600	75,000	
	Special to 49 high schools at $1100	53,900	
	Special to 11 collegiate departments at $1500	16,500	
	Special to 22 collegiate institutes at $2400	52,800	
	Non-resident Grant	64,938	
	Administration	1,844	
	Music - Drawing	5,850	349,832
Transportation	.....		154,169
Totals			$1,294,323

both do not entail a large additional school cost. The majority of the consolidated school districts within the province conduct both elementary and secondary work, so that transportation costs represent expenditures for a service somewhat different from that generally considered as belonging to either elementary or secondary schools.

Provincial Aid Compared with Local Aid to Schools

A comparison between receipts from provincial grants and from local taxation shows the relative importance of provincial and local aid to the schools of Manitoba. Provincial grants earned during the year 1929 were received by school districts during August, 1929 and June, 1930. Municipal taxes levied for school purposes during the latter part of 1929 were received by schools for the most part during the period December, 1929 to June, 1930. In other words, receipts from taxes levied during the calendar year would correspond closely to receipts from government grants paid during the school year. The statistical data compiled in Table XIII, taken from the Annual Reports of the Department of Education at intervals for the period 1910-1930, represent receipts by public school districts of all classes from

TABLE XIII

SCHOOL DISTRICT RECEIPTS FROM PROVINCIAL GRANTS AND FROM LOCAL TAXATION FOR SELECTED YEARS OVER A TWENTY-YEAR PERIOD

Year	Total Receipts (000)	Receipts from Municipal Levies (000)	Receipts from Provincial Grants (000)	Per Cent Receipts from Grants Which Were of Total Receipts	Per Cent Receipts from Grants Which Were of Levies for Schools
1910	$1,978	$1,682	$ 296	14.9	17.7
1915	3,516	3,047	468	13.0	15.4
1920	5,639	4,947	691	12.3	14.0
1923	9,185	8,173	1,011	11.0	12.4
1925	8,593	7,450	1,143	13.3	15.4
1927	8,476	7,365	1,110	13.1	15.1
1930	9,107	7,821	1,285	14.1	16.5

taxes and from government grants for each school year. The per cent of all receipts received by school districts from provincial grants decreased steadily as those from taxes increased during the period 1910 to 1923, but increased steadily during the period 1923 to 1930. The increase which the per cent of provincial grants bore to the total of receipts by schools has been due, at least since 1923, not so much to increased grants to schools, as to tax arrears. Provincial aid has increased slowly but steadily while assets charged to unpaid levies for schools have amounted to $1,971,955 in 1920, to $4,151,548 in 1923, and to $4,440,626 in 1930.

A Comparison of the Amounts of Provincial Aid Given to Schools by Canadian Provinces

A statistical comparison of the effort made by the nine provinces of Canada to support public schools is given in Table XIV for the year 1930. The effort made by each province is measured by the receipts of school districts from government grants and from municipal taxes. Aid from Clergy Reserve funds and similar sources is not included.

TABLE XIV

COMPARISON OF THE PROVINCIAL AND LOCAL EDUCATIONAL EFFORT FOR THE NINE PROVINCES OF CANADA FOR THE YEAR 1929-1930

Province	Per Capita Expenditure for Elem. and Sec. Education on the Basis of the 1931 Census	Per Cent Grants Which Were of Provincial Gov. Expenditures	Per Cent Receipts from Grants Which Were of Grants and Tax Receipts Combined
P.E.I. .	$ 5.64	22.9	61.7
N.S. ...	7.74	11.6	23.1
N.B. ...	7.63	6.7	15.7
Que. ...	11.13	12.6	15.5
Ont. ...	15.36	9.3	10.3
Man. ...	13.01	9.3	14.1
Sask. ..	14.69	14.3	18.7
Alta. ..	14.73	8.8	12.6
B.C. ...	14.41	14.9	37.4

Although the Province of Prince Edward Island gave the largest per cent in government grants for all nine provinces, and out of its total provincial expenditure contributed the largest per cent of all provinces, yet it made the least educational effort per capita of all of the nine provinces. The comparatively small effort per capita for the three Maritime provinces renders their contribution for grants to schools non-comparable with those of the other six provinces. The same amount of government grant per school forms a much larger part of the total receipts by the school district than is the case where the cost is comparatively much larger. Hence, only the six provinces west of the Maritimes admit of comparison in this regard.

Of the six provinces, extending west from the Province of Quebec to British Columbia, Manitoba ranked fifth in the effort per capita, fourth in the per cent which government grants to schools were of all provincial expenditures, and fourth in the relation which receipts from government grants bore to local effort. Of the four western provinces Manitoba ranked fourth in effort per capita, third in the relation which grants to schools bore to all provincial expenditures, and third in the relation which grants to schools bore to receipts from local taxation. Compared with the other three western provinces it could be said that Manitoba has not been extravagant, either in its school costs or in the contributions which the province made to the support of public schools. The contributions by the various provinces to educational services of a general nature were not available. The outstanding example of effort to support schools was that of the Province of British Columbia which ranked fourth for all provinces in the effort per capita, first in emphasis on education when measured in terms of all provincial expenditure, and second among all nine provinces in the per cent of provincial grants to schools.

Some Effects of Providing Assessment and Special Provincial Grants to Weak School Districts

Since 1924 assessment grants have been paid to weak school districts, also grants to districts in unorganized territory. Special grants paid under these sections of the Public Schools Act amounted to $176,967 during 1929, and account for almost the total increase of grants to public schools. Two hundred and forty one school districts in organized municipalities and others in unorganized territory benefited by special aid under Section 295 of the Public Schools Act during 1929, so that the distribution of Special grants occurred over a wide area. Table XV indicates that these grants were paid largely within low-assessment municipalities

TABLE XV

DISTRIBUTION OF SPECIAL AID TO SCHOOLS IN 1929*

Municipality	Reduction in Taxable Lands in Acres 1921-1930	No. of Schools Receiving Grants under Section 289 P. S. A.	No. of Schools Receiving Grants under Section 295 P. S. A.
Armstrong.....	38,612	17	12
Brokenhead.....	17,665	3	2
Chatfield.....	10,010	11	8
Coldwell.....	19,116	14	5
Eriksdale.....	36,276	15	9
Ethelbert.....	1,249	12	10
Gimli.....	5,920	4	..
Glenella.....	20,841	9	..
Lakeview.....	..	3	8
McCreary.....	22,132	6	8
Minitonas.....	15,745	4	..
Mossey River...	14,193	10	5
Piney.....	23,840	10	1
Sprague.....	14,911	6	..
St. Anne.....	..	6	..
St. Clements....	..	6	4
St. Laurent.....	11,576	2	4
Tache.....	15,986	6	2
Whitemouth.....	11,866	2	2
Woodlea.....	78,618	13	10
Lawrence.....	59,811	14	..
Siglunes.....	10,549	10	9
Ochre River.....	5,074	2	6
Bifrost.....	..	10	..
Boulton.....	..	..	1
Dauphin.....	21,748	..	1
Gilbert Plains..	17,045	..	2
Grand View.....	10,288	..	3
St. Rose.....	31,937	3	..
Hillsburg.....	900	4	1
La Broquerie....	..	16	..
Lac du Bonnet...	..	10	..
Portage.....	..	..	1

*This is only a partial list.

and to some extent within the stronger rural municipalities. This table also shows that a close relation has existed between the reduction in taxable lands and Special Aid to schools. In recent years it has been found necessary to extend aid, under Section 295 of the Public Schools Act, to school districts in stronger municipalities where the Special school levy has not been sufficient, along with other local and provincial assistance, to meet school costs. This has happened in old municipalities such as Grandview, Springfield, Dauphin, Taché, Gilbert Plains, Shell River, and in the suburban municipalities of St. Vital and Brooklands. Not only did Special aid in 1929 amount to 13.66 per cent of Provincial grants to public schools, but it was distributed over approximately one-seventh of the school districts in operation, and has become a more important factor each year in the distribution of provincial aid to schools. The distribution of provincial aid through Special assessment grants to weak districts came as a result of a recommendation contained in the Report of the Educational Commission in 1924 and was based upon the principle that a measure of state aid should be thrown in at the most needy points of the system until a more equitable basis for the distribution of provincial aid than that in operation should be adopted.

Table XVI and Figure 5 show the extent to which special aid was given, for the school year ending June, 1930, to 185 classrooms in ten rural and one suburban municipality. They also indicate the decrease in local and the increase in provincial aid that has been given to these schools since 1921. While the number of classrooms in the ten rural municipalities increased from 156 to 170 the number of children attending all schools decreased by 220. During the same period local aid decreased by $47,730, or amounted to only 71.8 per cent of that in 1921, while provincial aid increased by $45,273 and amounted to 276.3 per cent of that in 1921. The regular per teacher grants plus grants to secondary schools amounted to $31,700 for the 170 classrooms, so that special aid for the year 1929 amounted to $39,250 or approximately $231 per teacher. The classrooms operated in the Brooklands village numbered twelve in 1921 and fifteen in 1930; the operating costs amounted to $24,478 and $29,828 for the respective years; Provincial aid during the same period increased from $1,457 to $19,597, while local aid decreased by approximately $10,000. The assessment for this municipality decreased by 46.6 per cent; tax arrears amounted to 92.8 per cent of the levy in 1929, while the school rate amounted to 58.3 mills on the dollar out of a total rate of 81 mills. It is quite evident, no matter what degree of inequality may still exist in the distribution of aid to schools, that the adoption of the principle of distributing and in proportion to

ability and need, had made it possible for many schools to remain in operation that would otherwise have been closed.

TABLE XVI

DECREASING LOCAL AID AND INCREASING PROVINCIAL AID TO SCHOOLS IN ELEVEN MUNICIPALITIES

Municipality	Receipts from Municipalities for the Years			Provincial Aid for the Years		
	1921	1926	1930	1921	1926	1930
Rural:						
Armstrong...	$ 16,003	$ 19,318	$ 9,367	$ 2,577	$ 4,521	$ 8,477
Bifrost.....	32,255	25,143	27,449	3,126	6,184	9,370
Chatfield...	12,612	9,363	11,532	2,189	7,719	7,725
Coldwell....	28,116	15,760	14,429	4,883	5,498	7,256
Eriksdale...	8,027	2,791	5,395	1,500	3,394	6,534
Lawrence....	9,831	11,729	10,037	2,496	3,564	5,744
Siglunes....	17,226	8,351	8,975	1,786	5,403	7,077
Mossey River	22,474	23,439	25,934	3,930	5,517	7,902
Piney.....	8,312	4,980	5,670	1,141	2,225	4,080
Woodlea.....	16,233	12,859	4,572	2,049	4,948	6,785
Totals	$171,090	$133,733	$123,360	$25,677	$48,973	$70,950
Decrease	...	37,357	47,730	...	...	...
Increase	...	...	...	...	23,296	45,273
Suburban:						
Brooklands..	$ 30,510	$ 24,386	$ 20,656	$ 1,457	$ 2,836	$19,597

Significant Trends

This chapter presents a picture of the trend of public expenditure within Manitoba over a period of years and is indicative of the magnitude of the demands being made upon the public treasury for all manner of services. While aid to education has increased steadily the per cent increase has been varied when seen in relation to that expended for all public services. The per cent expended on grants to schools has continued to decrease in proportion as the total given in aid to general educational services has increased. The increase in grants to secondary education has also reduced the per cent paid in grants to elementary school departments. The application of the principle of effort, in a large way, in the distribution of provincial aid has encouraged the growth of

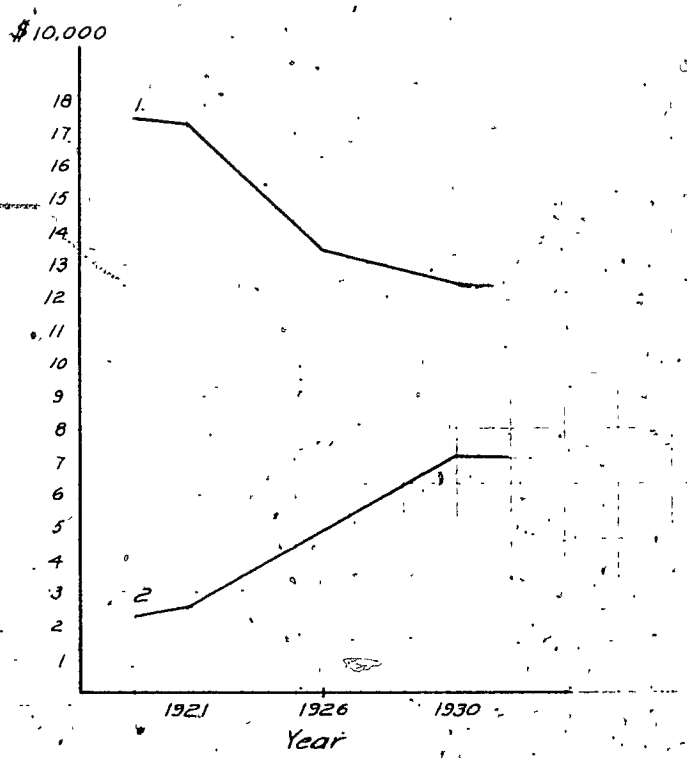


Fig.5— Showing the decrease of local aid and the increase of provincial aid to the schools of ten municipalities at intervals 1921-1930

1 Local aid to schools.
2 Provincial aid to schools.

local, educational undertakings. The new emphasis on ability in the distribution of provincial aid has prevented the breakdown of the system at its weakest points. Under the strain of variable economic conditions the recognition of ability has become the most urgent need in distributing provincial aid to public schools.

The distribution of provincial aid to public schools in Manitoba appears, for over a quarter of a century at least, to have been based very largely upon two principles. In the first place, provincial aid has been increased steadily to educational services which could be administered from the centre, and for which centralized administration appeared necessary. In the second place, provincial aid appears to have been distributed to school districts on the principle that each community should be largely self-supporting in respect to those public services which could be administered locally. The enlargement of the General Municipal grant in 1922 was evidence of that fact, as has been the persistent uniformity of the Legislative or per teacher grant. The introduction of the Assessment grants, Unorganized Territory grants and of the Special grants under section 295 of the Public Schools Act were a belated recognition of the fact that all school districts and communities were not of equal ability. Only during the past ten years has an earnest beginning been made to bring the method of distributing provincial aid into harmony with the principle of free education for all the children of the province.

CHAPTER V

THE PROBLEM OF INCREASING CURRENT COSTS AND FUNDED DEBT FOR THE PROVINCE, THE MUNICIPALITIES, AND THE PUBLIC SCHOOL SYSTEM OF MANITOBA

Introduction

The first thirty years of the present century have been marked by a steady increase in the number of public services and in the increased cost of these services to the Province of Manitoba. The preceding chapter has pointed to the extension of costs in the field of public education. The present chapter purports to present a picture of the growing cost of all public services, also of certain fundamental causes for that growth within the field of the public school. It must be borne in mind that the increasing number and cost of all public services, whether provincial, municipal, or public school; whether devoted to highways, to the hydro, to the university, to the salaries of civil servants, or what-not, limit the ability of the province, the municipality, or of the unit of school finance to meet the increasing demands of an increasing school population and of an extending school curriculum. It must also be borne in mind that waste in any phase of the public service likewise limits the ability of any unit to provide for the more essential public services. It is not the purpose of this study to determine what the essential public services are; that is another problem the study of which is long overdue in Manitoba. It is rather the purpose to direct attention to the fact that the extension of public service costs in all directions limits ability to provide for those services which for many decades have been considered essential to the welfare of a democracy.

Before reviewing the growth of governmental and school costs it is important that the meaning of financial terms, frequently made use of in this study, should be clearly understood. This is especially true of financial terms in that the exact use of a word determines both accuracy of meaning and accuracy of thinking. The definitions given are in close accord with those stated by Professor H. C. Morrison in a recent publication.[1]

---

[1] H. C. Morrison, The Management of School Money, pp. 1-14. Chicago: The University of Chicago Press, 1932.

Receipts.- Receipts is a broad term in that it denotes all money received or credits entered in the books. In Manitoba, school revenue is usually derived from tax levies, grants, or fees. However, in addition, there are receipts from loans, from the sale of bond issues, and to a limited extent from other sources.

Revenue.- Revenue has a more limited meaning than receipts. It represents receipts which, although there is a legal obligation that they be used for school purposes, have no financial obligation attached thereto. School grants must be applied to school purposes, but, in general, there is no financial obligation to repay them to the province. On the other hand, a loan from the bank is a cash receipt to which there is attached the financial obligation of repayment. A provincial grant is both revenue and receipt; a current loan is but a receipt.

Disbursement.- A disbursement is money paid out or credit given irrespective of the source from which the money is received, or the purpose for which it is paid out. It may be for current or last year's costs; or for any cost. It will be necessary to make frequent use of this term when dealing with public service payments as the records of neither the province, the municipality, nor the school district clearly limit the payment for services to the year in which they are incurred.

Expenditure.- Expenditure is payment out of revenue. In the school districts of Manitoba it would represent payment out of tax receipts, grants, and fees, and to a very small extent out of revenue from other sources. It does not represent payment out of loans or the sale of debentures to which is attached financial obligation for repayment. We are learning today, as never before during the present century, that costs must eventually be met out of revenue, and that expenditures out of revenue, rather than disbursements out of receipts, form the safe basis upon which schools and all other public services must finance their undertakings. In other words, the cost of interest charges and repayment of loans must be seen in relation to future as well as to present revenue.

Bond issue.- Bonds are usually issued to obtain a loan for capital outlay, or for the purpose of refunding a former bond issue. The term refunding has become common in the suburban municipalities about the city of Winnipeg during recent years. Without doubt, its use will be extended over a much wider area, owing to the present economic depression. The term debenture payment is commonly used in Manitoba to denote the annual payment made in retiring a bond issue. The term debt service is used in this study to denote the annual payments of both principal and interest on the bonds issued by the school districts. Debt service usually has a wider meaning and includes all financial

and fixed charges such as interest on loans. In order that the debt service for capital outlay may be seen the term is applied only to payments on debentures.

Current operating costs.- Current operating cost includes the value of repairs, supplies, and other goods and services used in the operation of the school plant; it also includes payment for administrative and instructional services. In fact, the term cost includes the value in money of any goods or services used up. In the present study disbursements for four distinct current costs are set out: instructional, transportation, funded debt or debenture, and all other operating costs. The value of any goods or services used up, whether or not they have been paid for, constitute a cost. The value of those used up during any one year may be considered as current operating costs.

For the purposes of this study current loans and replacement costs which would in all probability reappear in bond issues are not included where the terms cost, expenditure, or disbursement are applied to school payments. Disbursements for current loans and replacement costs are not deducted from the totals published under the caption, "Receipts and Expenditures" in the Annual Report of the Department of Education for Manitoba. Consequently, the totals which appear in that report are frequently interpreted to mean current cost, when, as a matter of fact, they are considerably above the current cost for any one year reported. The figures used for the purpose of this study approximate more closely the actual cost and the actual expenditure for school services than do the totals of the Annual Report of the Department of Education.

It is not possible to do other than take the total figures for disbursements when dealing with the finances of the provincial government. It is even more difficult to bring municipal data into line as the only statistics available are those published annually by the Municipal Commissioner, which pertain to levies for general, debenture, and miscellaneous municipal purposes. However, so long as the different elements within each remain constant the relative increase for all three over a period of years may be shown roughly.

Table XVII contains indices of population, provincial government costs, municipal levies, and school costs in Manitoba at intervals during the period 1913 to 1931 inclusive. These indexes are taken to represent the percentage of cost for each succeeding census year, using the cost in the year 1913 as the base. Indexes for provincial costs are based upon statistics compiled in the Canada Year Book for current disbursements, omitting therefrom payments made on the principal of the funded debt of the province. To obtain the aggregate for municipal costs for

the years 1913 and 1916 it was necessary to take 45 per cent of the total levy for all municipal purposes for these years. For the year 1922 the levy for municipal purposes represented 45 per cent of the total tax imposition on the municipalities of Manitoba. That was the first year in which the tax imposition for various purposes was itemized in the Annual Report of the Municipal Commissioner. As previously stated, these indexes are but a rough estimate, especially in the case of the municipal costs, of the increasing costs in these three fields of public expenditure.

TABLE XVII

INDICES OF THE INCREASE IN POPULATION, IN PROVINCIAL GOVERNMENT, MUNICIPAL, AND SCHOOL COSTS IN THE PROVINCE OF MANITOBA AT INTERVALS DURING THE PERIOD 1913 TO 1931 INCLUSIVE

Year	Population	Provincial Government Costs	Municipal Costs	Public School Costs
1913	100	$100	$100	$100
1916	110	116	128	114
1921	122	189	206	241
1922	124	...	227	266
1926	128	196	217	232
1931	140	276	266	262

Until 1916 the costs in all three fields bore a close relation to the increase in population, but by 1921 were far in excess of the per capita costs of the former date. School costs reached the peak in 1922, having an index of 266 and far surpassing that for the province or for the municipalities. Since 1926 the greatest increase has been in provincial government costs; while municipal costs show a very large increase in 1931. The large upward extension of municipal costs in 1921 was due in a large measure to suburban and urban extensions in anticipation of future population increases. The large increase in both provincial and municipal costs in 1931 was largely due to the tremendous growth of unemployment relief.

It is a significant fact that from the close of the War until the period of the present depression the increase in municipal and school costs have exceeded those for the province. From this it may be inferred that the tendency for increased financial support to public services has been the greater the nearer

institutions of government have been to the people; especially has this been true of suburban and urban communities. The province as a whole has been confronted with the problem of assisting to finance this increasing per capita cost for all public services. In another section it will be shown that the increase in school costs has been almost unavoidable owing to the steadily increasing numbers taking advantage of the provincial system of free public schools.

Municipal and School Debenture Indebtedness

The levy to meet principal and interest charges on bonded debt has become quite an important item in the annual tax bill for the Province of Manitoba. Interest disbursements on the bonded debt of the provincial government for the fiscal year ending April, 1930, amounted to the sum of $4,140,342. The levy for interest and principal, due on municipal bonds, for the year 1929 amounted to $1,860,215 or 19.6 per cent of the total levy for municipal undertakings. The levy for payment of interest and principal, due on school bonds, for the year 1929, amounted to $1,356,479 or 17.1 per cent of the total levy for school purposes. The combined levy for principal and interest on school and municipal bonded debt for the year 1929 amounted to $3,216,695 or 18.5 per cent of the total levy of $17,407,115 for school and municipal purposes.

The growth of the funded debt for municipal and school purposes over a period of twenty-five years is shown in Table XVIII.[1]

TABLE XVIII

THE GROWTH OF MUNICIPAL AND SCHOOL FUNDED DEBT IN MANITOBA DURING A PERIOD OF TWENTY-FIVE YEARS

Year	Municipal Funded Indebtedness (000 omitted)	School Funded Indebtedness (000 omitted)	Per Cent School Funded Indebtedness Which Was of the Total
1905	$10,195	...	...
1910	21,081	$ 3,225	13.3
1915	51,964	8,428	14.6
1920	51,173	8,480	14.5
1922	62,961	13,325	17.5
1925	72,961	14,554	16.6
1929	78,501	15,257	16.2
1930	77,479	15,097	16.3

[1] Statistical Information Respecting the Municipalities of the Province of Manitoba. Winnipeg: King's Printer. Annual

Debenture indebtedness for municipal provisions increased very rapidly during the period 1910 to 1915, remained stationary during the war period, then rose steadily until 1929. The increase in the funded debt for schools has paralleled that for municipalities with the exception of the period 1920 to 1922 when, as already pointed out, school expenditure reached its peak. Approximately $30,000,000 of the funded debt of municipalities has been incurred for revenue-bearing enterprises in the city of Winnipeg, and to a small extent in other urban municipalities.

Table XIX shows the variation that has existed in the amount of municipal funded debt in suburban and selected rural municipalities. When the funded debt for municipal purposes has reached the total of that shown for several of the suburban and low-assessment municipalities, payments for interest and principal charges become a large factor in the annual taxation upon real property and an interference with the growth of school provisions. Because of this, as previously stated, the financing of certain suburban and rural municipalities has been placed under government supervision and any desire to increase the funded debt for either school or municipal purposes has been made subject to the decision of the Provincial Public Utilities Board. The problem of debenture indebtedness is a serious one in certain municipalities and its relation to the annual budget must be seen as a limiting factor in the ability of the local community to provide school services.

The sudden increase in population during the earlier part of the present century brought increasing demands upon provincial, municipal, and school authorities for more and improved public services. The attempt to meet these demands was retarded by the War; the sudden rise in municipal taxation in 1922 and the increase in capital outlay at the same time was but a belated response to this demand. Unfortunately this rapid increase in the funded debt of municipalities and school districts reached large proportions at a time when economic conditions made it difficult to finance other current operating costs.

The Cost of Personal Luxuries

The data compiled in Table XX show the approximate amounts expended by Manitobans during 1930 for a number of items which may be termed luxuries.[1] The total expenditure for the thirteen items

---

Reports of the Department of Education. Winnipeg: King's Printer, 1905, 1910, 1915, 1920, 1922, 1925, and 1930..

[1] Andrew Moore, "High School Costs, Some Comparisons," The Manitoba Teacher, XIII (Dec., 1932), 3-4.

TABLE XIX

RELATION BETWEEN MUNICIPAL FUNDED DEBT FOR SUBURBAN AND SELECTED RURAL MUNICIPALITIES FOR THE YEAR 1929

Municipality	Equalized Assessment (000 omitted)	Municipal Funded Debt (000 omitted)	Per Cent Funded Debt Which Was of Equalized Assessment
Suburban Group:			
Charleswood...	$1,310	$ 41	3.2
E. Kildonan...	3,194	652	20.4
W. Kildonan...	2,091	1,109	53.5
St. James.....	5,190	3,767	72.6
St. Vital.....	3,871	1,343	34.9
Tuxedo.....	2,493	199	8.0
Assiniboia....	1,401	257	11.2
Fort Garry....	2,430	1,165	48.0
Brooklands....	441	4	0.9
Low-Assessment Rural Group:			
Bifrost.....	2,017	92	4.5
Eriksdale.....	706	83	11.8
Lac du Bonnet.	728	43	5.9
Minitonas.....	1,819	150	8.3
St. Rose.....	1,175	45	3.9
Woodlea.....	325	33	10.3
Lawrence.....	468	37	8.1
High-Assessment Rural Group:			
Westbourne....	4,408	157	3.6
Dauphin.....	4,278	257	6.0
Dufferin.....	6,193	105	1.7
Macdonald.....	7,944	169	5.7
Pipestone.....	5,810	256	4.5
Rockwood.....	5,792	192	3.3
Springfield...	4,841	174	3.5

represented approximately twice that levied for municipal and public school purposes, and four times that levied for public school purposes during the same year. In the face of these facts one can but conclude that there was sufficient income earned in the Province of Manitoba during 1930 to provide for the cost of public schools.

TABLE XX

EXPENDITURE ON LUXURIES BY MANITOBANS DURING 1930

Item	Expenditure (000 omitted)
Chewing gum and popcorn	$ 281
Jewelry	525
Sporting goods and toys	792
Ice Cream	986
Soft drinks	1,009
Theatres	1,959
Candy	2,338
Beer	2,919
Horse races (parimutuel turnover)	3,936
Hard liquor	4,701
Tobacco, cigars, cigarettes	6,092
Passenger automobiles	10,142
Cosmetics and perfumes	646
Total	$36,330

Increase in the School Population of Manitoba

The indexes of school population compiled for the Province of Manitoba in Table XXI were calculated for four census years on the basis of the total enrolment during 1913. The data upon which these indexes were based are compiled in Table IV of the Appendix of this study. They show that the total school enrolment increased out of proportion to the increase in population. This was true of the enrolment in the elementary school during the period 1913 to 1926. After 1926 there was but little increase in the enrolment at the elementary school level. As a matter of fact, the total increase in the elementary enrolment for the school year 1929-30 over that of 1925-26 amounted only to 485, indicating that, for the present population, the enrolment in the elementary school has almost reached the saturation point. The most marked increase

during recent years has occurred in the secondary school. Although the increase in the elementary school population would account for much of the increasing school cost up to the year 1926, the increase in the secondary school population would account for an important part of that increase up to the year 1926, and a large part of it after that date.

TABLE XXI

INCREASE IN POPULATION AND SCHOOL ENROLMENT, 1913-1931

Year	Indexes of Population Increase	Indexes of Total School Enrolment	Indexes of Elementary School Enrolment	Indexes of Secondary School Enrolment
1913	100	100	100	100
1916	110	124	123	105
1921	122	154	153	141
1926	128	177	171	212
1931	140	183	172	287

School Population and School Costs

The relation between school population and school costs is shown by the indexes compiled in Table XXII for various years between 1913 and 1931. The statistical data upon which their indexes

TABLE XXII

INDEXES OF SCHOOL ENROLMENT, ATTENDANCE, AND OF SCHOOL COSTS AT INTERVALS DURING THE PERIOD 1913-1931

Year	Total Enrolment	Average Attendance	Aggregate School Cost	Cost per Pupil Enrolled	Cost per Pupil in Average Attendance
1913	100	100	$100	$100	$100
1916	124	138	114	94	82
1921	154	179	241	161	135
1922	163	198	266	168	132
1926	177	222	232	135	105
1931	183	251	262	149	106

are based are given in Table IV of the Appendix. The indexes are based upon the population and cost as in 1913.

With the exception of the year 1916 the increase in aggregate school costs exceeded the increase in enrolment and average attendance. However, when the aggregate cost is distributed according to the number of pupils enrolled and according to the number of pupils in average daily attendance, a marked difference in the cost appears. Seen in relation to the number of pupils enrolled, except for the years 1921 and 1922, the increase in school costs has not been in proportion to the number of pupils enrolled. This means that a very considerable part of the increased aggregate cost was due to an increased classroom enrolment per teacher. The average enrolment per teacher throughout the province amounted to 28.23 in 1913, and to 34.68 in 1931. In other words, the teaching load was increased by 23.9 per cent over that in 1913, and the teaching staff reduced the cost per pupil enrolled in like proportion. Moreover, the very great improvement in attendance made it possible for the school to improve the quality of the work. If the improvement in teacher qualifications and the added expense that has been devoted to teacher training were taken into consideration, it is obvious that the increase in school costs in 1931 has been paid both in the teaching load carried and the improved services rendered by the teaching staff.

Itemized Distribution of School Expenditures

The distribution of the annual cash expenditures for teachers' salaries, transportation, funded debt service, and for all other operating expenditures are shown in Table XXIII at varied intervals during the period 1920 to 1930 inclusive. The statistics upon which Table XXIII is based were taken from the Annual Reports of the Department of Education. As disbursements for current loans and replacement costs, which are liable to reappear in funded debt, are excluded, the totals remaining would approximate the actual cash expenditures during the years studied.

As teachers' salaries constitute the largest expenditure in Manitoba's public school bill, it is important that it be seen apart from all others.

Transportation was an important cost in consolidated school districts, and, as this special service has been subsidized by the province, the burden imposed should be determined.

Capital outlay of any considerable amount has usually been cared for through the sale of bonds or by means of a sinking fund, and retired or provided for by payments on principal and interest extending over a period of years. Some studies similar to

this have used "economic cost" and included an allowance for depreciation. The writer found it exceedingly difficult to obtain reliable information concerning depreciation, while that for bond and sinking fund payments was available. As the annual expenditure for capital outlay has formed an important part of the annual school burden in many districts it is treated separately, and then included in the total for all cash expenditures.

TABLE XXIII

ITEMIZED CURRENT CASH EXPENDITURES IN DOLLARS PER TEACHER ENGAGED FOR ALL PUBLIC SCHOOLS OF THE PROVINCE DURING THE YEARS 1920, 1921, 1922, 1925, 1927, AND 1930

Year	Teachers' Salaries	Transportation	All Other Operating Expenditures	Total	Funded Debt Service	Grand Total
1920	945	106	647	1,698	227	1,925
1921	1,169	115	883	2,167	247	2,424
1922	1,287	112	858	2,267	282	2,549
1925	1,201	89	469	1,759	328	2,087
1927	1,216	92	557	1,865	317	2,182
1930	1,217	89	605	1,911	308	2,219

All cash expenditures for ordinary replacements, repairs, interest on current loans, insurance, supplies and equipment, library, administration, caretaking and cleaning, fuel and sundry items under the caption "All Other Operating Expenditures" were included. Fixed and financial charges such as interest on current loans and insurance premiums, while not usually classified as operating expenditures, formed a relatively small part of the annual outlay in many school districts and could properly be so grouped for the purposes of this study. In dealing with building and replacement costs for the province as a whole, from one-sixth to one-third of the total expenditure reported under this heading was eliminated according to the tendency for the year. An examination of a large number of individual cases indicated that what might well be classified as repairs was frequently included in the replacement column so that this expenditure could not be completely ignored. The reduction in replacement expenditures, added to that for current loans, accounts for any discrepancy which may occur between the total for expenditures as contained in the

Annual Reports of the Department of Education and those presented in this study.

The expenditure per teacher engaged was used as the measure of the distribution of items of cost for each year. It is not the most exact measure in that it fails to show the relation of itemized expenditure to the teaching load. However, its meaning is more readily understood by the layman, and, as the relation of the increasing expenditure to the teaching load has been established already, the measure will serve as a rough indication of any change of emphasis that may have occurred during the period studied.

Changing emphasis on cost items has been an important factor in school expenditures, more particularly in a province in which no definite attempt has been made to standardize costs.

Expenditures for teachers' salaries not only increased in the aggregate but also on the average throughout the period 1920-1925. Salaries suffered in the reductions centering around the period 1923-1925 to the extent of seventy dollars on the average per teacher, but since that period, have increased gradually. Salary increases have not been extravagant if compared with those of other callings. The Canada Year Book for 1930 reports that 3,826 employees, 785 of whom were women, engaged in forty manufacturing industries in Manitoba during 1927, received an average salary of $1,863, while 19,205 wage earners, 3,383 of whom were women, engaged in the same industries, received an average salary of $1,135 for the same year.[1]

The year 1927 was the median-cost year for the period 1920-1930 inclusive. During 1927 the distribution of school costs was as follows: teachers' salaries 55.7 per cent, transportation 4.2 per cent, operating costs 25.6 per cent, and debenture costs 14.5 per cent of the total school expenditures for the year. If debenture costs were removed from the total, the cost for teachers' salaries for 1927 would amount to 65.5 per cent of all current expenditures. On the other hand, an examination of municipal levies outside the city of Winnipeg for the year 1930 showed that 50.3 per cent of the total school expenditure was for teachers' salaries.

Payments on funded debt service increased rapidly during the period 1920-1925, but since that time have shown a slight reduction per teacher engaged, although the aggregate annual expenditure has remained almost constant. Increases are balanced by reductions, and while the larger centres of population will continue to provide additional classroom space, there appears to be ample building accommodation to meet the needs of rural Manitoba for

---

[1]Canada Year Book, 1930, p. 430.

some years to come, more especially if the trend of population toward urban centres should continue.

Other operating expenditures mounted very high during peak spending years and were lowered in like proportions during years of reduced school costs. The large expenditure for repairs, replacements, and improvements accounts in part, for the expenditure peak in 1922. The aggregate expenditure for certain items such as fuel, supplies, and caretaking, has not been out of proportion to the number of teachers engaged, indicating that such services are maintained, in general, at a minimum cost.

Although transportation services did not increase materially during the period 1920-1930, expenditures rose from $367,363 in 1920 to $476,885 in 1922, were reduced to $360,396 in 1925, and have increased slightly since that year. Transportation costs are subject to the laws of supply and demand and are readily affected by labor and price conditions in rural communities. However, the total amount of the expenditure for this item does not appear to have been sufficiently large for variations therein to greatly affect the aggregate school expenditures for the province during any one year.

It was shown in Chapter I that the increase in total population for the province since 1922 has not been large, but that a tendency to shift toward urban centres has existed. This accounts in part for increased educational expenditures since 1925, as the cost, while increasing in urban and suburban centres, was not lifted proportionately at the points of dwindling population in rural areas.

The general economic situation has a direct effect upon the emphasis on cost items as it has upon costs due to the shifting of population. Although teachers' salaries did not increase proportionately with those of other occupations during the war, they did increase rapidly in the general upward salary trend which followed. Building programs delayed during the war were undertaken and possibly overdone at the peak prices which followed that period. Building programs ceased just as completely in 1925 as they had expanded in 1920-1923. A similar cessation in expenditures for repairs occurred during 1928 following the crop failure of 1927 in southern Manitoba.

The actual increase in the items of expenditure for 1930 over 1925 was distributed as follows:

Salary increase due to an increase in the number of teachers	$ 425,950
Salary increase due to the average increase of salaries	65,325
Increase in debenture payments	23,614
Increase due to transportation	31,788
Increase due to small replacement and other operating expenses	898,786
Total	$1,445,463

The Increase of Secondary School Costs

The indexes of population and school enrolment compiled in Table XXI showed that the increase of the secondary school enrolment since 1916 has been out of all proportion to the increase in population; also, that, since 1926, it has been out of proportion to the increase in the enrolment of the elementary school. The upward trend of the enrolment in the secondary school seen in relation to the total school enrolment, at intervals during the period 1913 to 1931, is shown in Table XXIV and illustrated in Figure 6.

TABLE XXIV

THE PER CENT WHICH THE SECONDARY SCHOOL ENROLMENT FORMED OF THE TOTAL PUBLIC SCHOOL ENROLMENT IN MANITOBA AT INTERVALS DURING THE PERIOD 1913 TO 1931

Year	Per Cent Secondary Enrolment Formed of the Total Public School Enrolment
1913	5.97
1916	6.45
1920	6.48
1921	6.96
1922	7.85
1923	8.09
1926	9.02
1929	10.16
1931	11.95

From this it may be seen that the secondary school enrolment had assumed in 1931 exactly twice the importance it had in the total

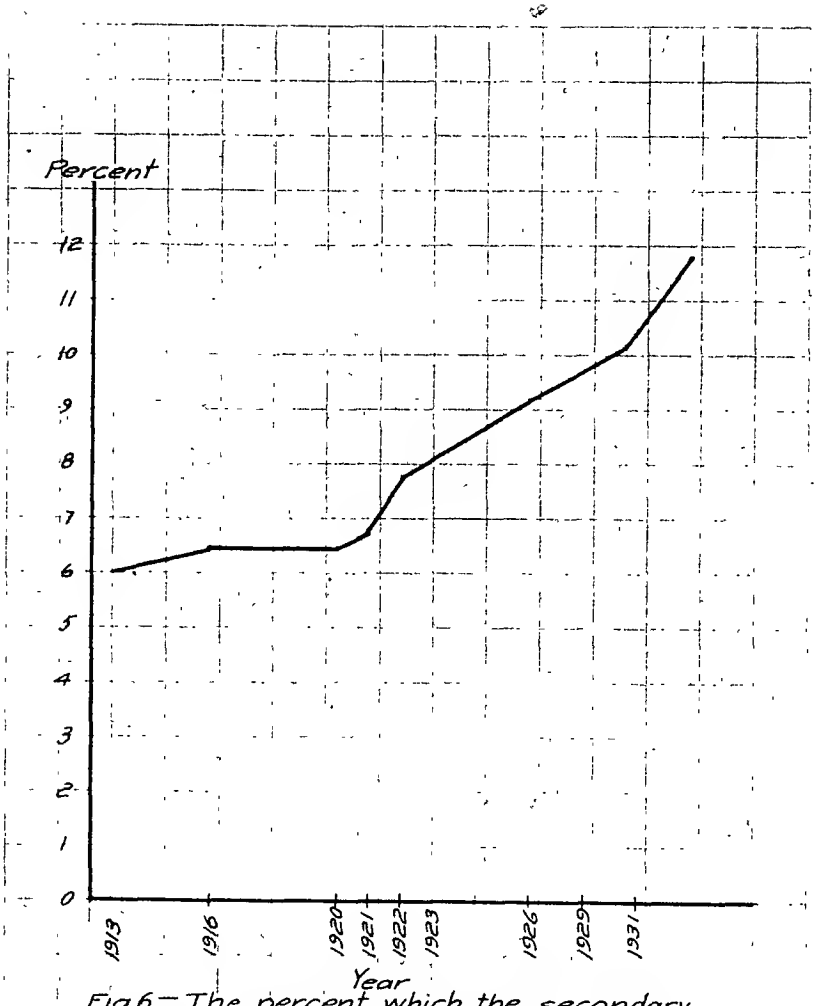


Fig.6.— The percent which the secondary school enrolment formed of the total public school enrolment in Manitoba at intervals, 1913-1931.

enrolment in 1913, or during a period of eighteen years it has doubled its importance from the standpoint of members in the total enrolment of the public school.

With the exception of the period 1916-1920 there has been a decided upward trend in the enrolment of the secondary school. It was quite marked during 1922 and 1923, years of economic depression, and even more so during 1931. Depressed economic conditions have increased the secondary school enrolment in Manitoba at a rapid rate. However, apart altogether from the years of economic depression, there has been a steady upward trend in the relation of the secondary to the total public school enrolment. The increase has gained force in recent years, being very noticeable during the period 1926-1929 or during a period of gradual improvement in economic conditions. It is evident that an increasing enrolment in the secondary school has become a permanent condition in Manitoba as in the other provinces of the Dominion, and in other countries.

The following quotation, and the map of Manitoba showing the distribution of secondary school departments in Manitoba in 1930, are indicative of the large provision that has been made for secondary education in the province during the past forty years:

> "Outside of Winnipeg and Brandon there were in 1893 eighteen intermediate schools, which, together with the two cities, comprised the whole secondary field of that date. On June 30th 1931 there were 121 intermediate schools, 48 high school departments, 13 collegiate, 22 collegiate institutes and in addition a score or more junior high schools.
>
> "An intermediate school is one in which the whole secondary school course (Grades IX to XI) is taught by one teacher and usually does not include foreign languages, such as Latin and French. In a high school department two teachers share this course and offer the foreign languages. In a collegiate department three teachers carry the secondary work and sometimes add Grade XII. A collegiate institute has four or more teachers."[1]

The increase in the cost of secondary education to the Province of Manitoba during forty years is made apparent by the following quotation:

> "In 1893 the total expenditure from all sources for secondary schools, again excluding capital outlay, was $34,000. In 1900 it was $60,470, and in 1910 it was $194,542."[2]

---

[1] Andrew Moore, loc. cit.

[2] Ibid.

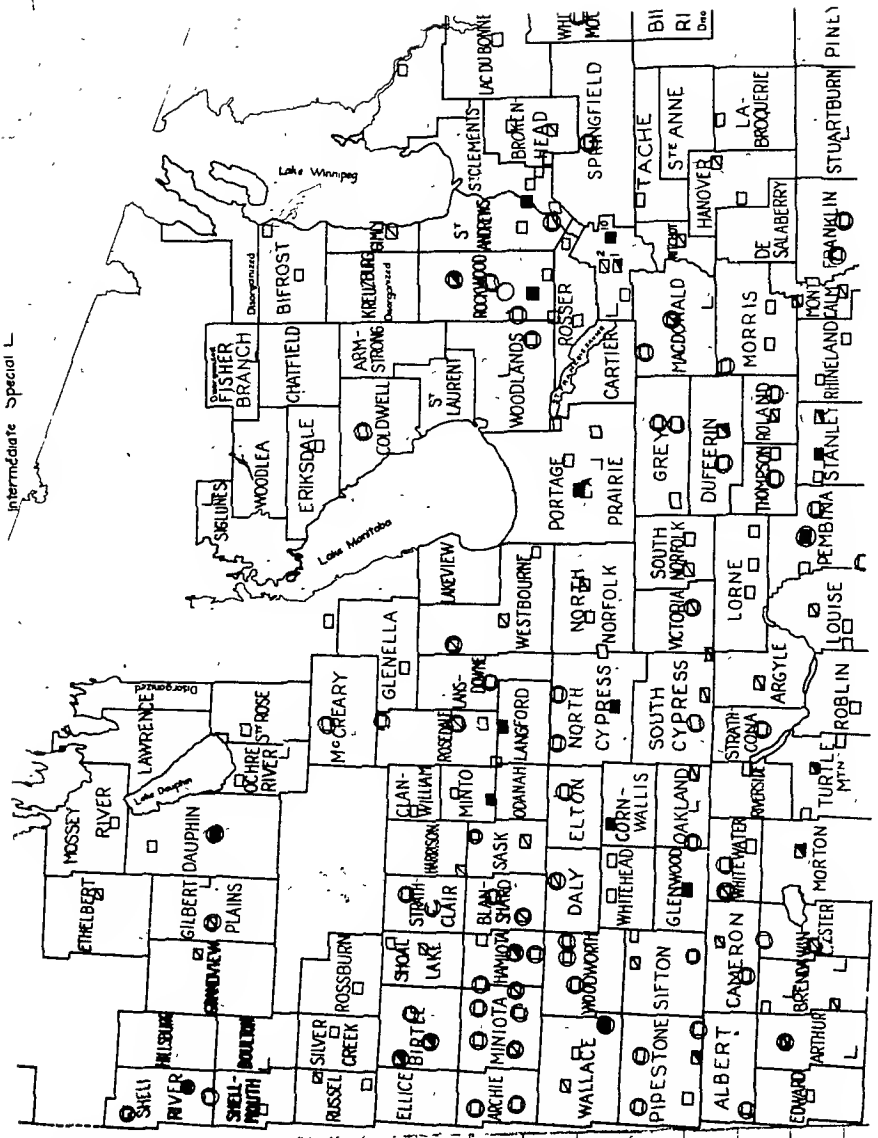


Fig 1—Cross section of the map of Manitoba showing the distribution of secondary school departments during the year 1931. Through courtesy of M.T Woods, "Secondary School Costs in Manitoba." Unpublished Master's Thesis, University of Manitoba.

Intermediate or one room High School ☐ Intermediate Special L
Two room High School ▨ Consolidated School ○
Collegiate Institute ■ Collegiate Department ◪

The same writer states that the total disbursements for secondary education, omitting current loans, amounted for the school year ending June 30, 1931 to approximately $1,779,791.

There are several apparent reasons for the increased enrolment and cost of secondary education in the Province of Manitoba. It was shown in the second chapter of this study that a great change has come over the industrial life of the province. Over half the population is resident in urban centres. Almost half of the gross income of the province is derived from the manufacturing industry. During a quarter of a century the number whose income was composed of salary and wage earnings has increased tremendously. Coupled with these facts is the reduction in man power, owing to the rapid improvement in machinery.

Moreover, the ratio of adults to children has changed. In Canada 526.76 out of every one thousand people were under twenty years of age in the year 1871, and 416.36 in 1931. That part of the total population which must seek employment on a decreasing labor market has increased by 110.4 per thousand inhabitants during a period of sixty years.[1]

As a result of these changes in the economic and social situation, apart altogether from the economic depression, the problem of providing work for adults has become increasingly difficult. From November 1, 1931 to April 30, 1932 there were twenty thousand registered unemployed in the city of Winnipeg.[2] It is apparent that the adolescent must either go to school, remain idle, or compete with adults for employment. It is quite obvious that it would be economically and socially unsound for the Province of Manitoba to do other than provide secondary education to the adolescent part of the population.

The problem of ability to provide for the cost of all educational undertakings has become serious. It has become all the more serious because of the increasing costs in many other public services. This at once raises the question of the relative importance of all public service undertakings and points to the need for searching inquiry over the whole field of public expenditure. It also raises the question of waste within the field of education itself. Another immediate problem, and one that has confronted those responsible for securing school revenue for some years, is that of increased taxation and its effect upon the tax base.

---

[1] Canada Year Book, 1932, p. 1015.

[2] Unpublished statistics on unemployment relief, Bureau of Labour, Winnipeg, 1932.

CHAPTER VI

TAXATION ON REAL AND PERSONAL PROPERTY FOR PROVINCIAL, MUNICIPAL, AND SCHOOL PURPOSES IN MANITOBA

Introduction

Revenues for municipal and school services have been derived largely from the taxation of real property. The tax on personal property has become of small importance and "exists only . . . . in certain unincorporated villages and rural municipalities of Manitoba."[1] The personal property tax has been replaced in large urban centres by the business tax. During 1921 assessment for the personal and business taxes amounted to 3.4 per cent of the total local assessment for the province.

A provincial tax, generally known as the Municipal Commissioner's Levy, has been levied on real and personal property for many years, but has only assumed large proportions since 1916. Legislation governing the collection of taxes for school purposes was quoted in Chapter III, that governing the Municipal Commissioner's Levy is explained in the following quotation from the Municipal Act:

> "On receipt of the statement of certificate showing the amount duly proportioned upon or required from a municipality in each year by the Municipal Commissioner, the clerk of such municipality shall cause a rate to be entered upon the tax roll for each year sufficient to produce the said amount, and the council shall cause the said amount to be levied and raised in such year with the other sums required for municipal purposes, and the same shall be levied and collected in the manner in which other taxes are collected or levied within the municipality; it shall be the duty of the municipality, and of the treasurer thereof, to pay over to the Provincial Treasurer the said amount between the first and tenth days of February in each year; and in case of the failure to so levy and raise, or so pay over, the said amount, in addition to any other remedy, it may be collected from the municipality by the Municipal Commissioner in an action of debt as upon an

---

[1] A. B. Clark, Recent Tax Developments in Western Canada, p. 7. Winnipeg: King's Printer, 1921.

account stated, and in such action a duplicate or certified copy of such certificate under the hand and seal of the Municipal Commissioner shall be conclusive proof of his right to recover the amount therein stated; and such amount, when paid to the Provincial Treasurer, shall be expended for the purposes for which it was demanded."[1]

In addition to the taxation of real and personal property, municipalities have the power to levy license and franchise taxes and, although these make but small contributions to the revenues of rural municipalities, they have become of more importance in the larger urban centres. As shown by the following quotations, the expenditure of local funds for municipal undertakings is confined by law largely to purposes that confer local benefit upon the taxpayer:

"The council of every municipality may pass by-laws for contracting debts by borrowing money or otherwise and, if necessary, for issuing debentures, and for levying rates for the payment of such debts on the rateable property in the municipality, for any of the purposes following, -

(a) to construct, repair, pave, macadamize or otherwise improve (and in cities to purchase), or assist in constructing (and in cities purchasing), any bridge, drain, causeway, pier, wharf (and in cities waterworks system), public road or street, or other public work, situate in whole or in part within the municipality, or in its vicinity, whether the same is to be undertaken and built by the municipality or otherwise;

(b) for acquiring, by purchase or otherwise, lands situate within the limits of the municipality, in the case of a rural municipality, and within or outside the limits of the municipality, in the case of a city or town, to be used as a nuisance ground, and for erecting thereon any building or buildings required for the purposes thereof;

(c) jointly with one or more other municipalities to erect, equip and maintain any building, statue, bridge, monument, park or other public work as a public memorial situate in whole or in part within one of the municipalities or its vicinity, but in such cases the total cost to be borne by any municipality and the amount for which it shall be liable shall be only such proportion of the total expenses incurred as the total assessment of such municipality, after deduction of the total indebtedness thereof, bears to the total assessment of all the municipalities joining in the undertaking after

---

[1]The Municipal Act, c. 133, R.S.M. As amended and including 1925, sec. 425.

deduction of the total indebtedness of all, but further in such cases section 668 of this Act shall apply as if the words 'bridge or bridges' therein included such public memorial;

(d) to erect, equip and maintain any building, statue, bridge, monument, park or any public work as a public memorial situate wholly within the municipality;

(e) jointly with one or more other municipalities, to acquire a site for and to erect, equip and maintain a public hospital situate in whole or in part within one of such municipalities or its vicinity, the cost thereof and the levies for maintenance to be apportioned among the municipalities as they shall mutually agree."[1]

In addition to the foregoing, municipalities have had the power to issue debentures within the following limitations: (a) municipalities having over 10,000 people up to the sum of $200 per head; (b) municipalities from 2,000 to 10,000 people, not more than $150 per head; and (c) municipalities of from 1,000 to 2,000 people, not more than $100 per head. Previous to these statutes which were passed in 1924 certain municipalities exceeded these limits. More recently, the incurring of bonded indebtedness has been made subject to the approval of the Municipal or Public Utilities Board.

From the foregoing it is evident that municipal councils have had very wide spending powers; powers limited largely by the tax bill and public opinion. It has been a comparatively easy matter to extend the range of municipal taxation during periods of prosperity. As the training of municipal councillors has depended upon casual observation and the experience afforded by a seat at the council table, the interest of ward voters, rather than either the needs of the community or a knowledge of the ability of the community to pay, has too frequently determined the growth of municipal indebtedness. The conservative spirit of a rural population has prevented the mortgaging of the future of many a rural municipality. Urban and suburban municipalities have not been so fortunate in withstanding the influence of realty promoters, or the groundless anticipation of future population growth.

Municipalities and school districts have been limited almost entirely to taxation upon real property. The Dominion government has levied taxes upon the incomes of individuals and of corporations for a number of years. For 1930 the tax collected in Manitoba by this means amounted to $3,537,771.[2] The Provincial

---

[1] Ibid., sec. 389.

[2] Canada Year Book, 1932, p. 749.

Government has levied taxes on income, corporations, motor vehicles, amusements, inheritances, railways, companies, etc. For the year 1930 the income and corporation taxes amounted to $1,342,500.[1] The total amount of the income and corporation taxes collected in Manitoba by the Dominion and the Province for the year 1930 amounted to approximately $4,880,271, or to 50.23 per cent of the total cost of education to the public school districts of Manitoba. This extension of Dominion and provincial taxation during recent years has very largely limited the burden of local taxation to that on real property. Therefore, it follows that in Manitoba and the majority of the provinces of Canada and the states of the Union, municipal services of purely local benefit, and educational services, national in their effects, both depend for revenue on the taxation of local property.

Assessment of Real Property

It is generally recognized that inequalities exist in the assessment of real property. Following the Report of the Assessment and Taxation Commission for Western Canada in 1919, provision was made through the Assessment Act for the equalization of assessments as between municipalities and the improvement of methods of valuation within municipalities. The Manitoba Tax Commission set up standards as a guide to municipal assessors, and, while inequalities will continue to exist, an effort has been made to bring about a greater measure of uniformity in the method of determining property valuations. Farm lands have been assessed at full value while farm buildings, though assessed at two-thirds their value, may be exempted from taxation. Land in urban centres has been assessed at full value and buildings at two-thirds value. More detailed information concerning the assessment of real property is given in the following quotations from the Assessment Act:[2]

> "Annually, not later than the fifteenth day of April, the council of every municipality shall appoint an assessor, and it shall be the duty of such assessor, after actual view, inspection and inquiry, and aided by any information that may be furnished to such assessor, to proceed to make a valuation of all the rateable property in the municipality, and according to his best judgment make an assessment roll in which he shall set forth correctly all the particulars and information

---

[1] Twelfth Annual Report of the Manitoba Tax Commission. Winnipeg: King's Printer, 1931. Pp. 28.

[2] "The Assessment Act," Statutes of Manitoba, 1924, chap. 134, secs. 12,(1), (2), (3), (4), and (5).

required to be contained in order to comply with the form or forms prescribed by the Tax Commission." C.A. c. 134, s. 12.

"Subject to the provisions of the next succeeding sub-section all lands in rural municipalities improved for farming, stock-raising or market gardening purposes, shall be assessed at their full value. In determining such value the assessor shall consider their advantages and disadvantages of location, quality of the soil, value of any standing timber and such other considerations as the tax commission may direct."

"Where in a city, town or village, or any rural municipality in proximity to a city, town or village, there are lands chiefly appropriate or adaptable for farming, stock-raising or market gardening purposes the same shall be assessed at full value. In determining such value the assessor shall consider the advantages or disadvantages of location, the quality of the soil, the annual rental value which, in his judgment, the lands are fairly and reasonably worth for the purposes for which they may be used, as aforesaid, reference always being has to their position and local advantages, and such other considerations as the tax commission may direct."

"All lands in rural municipalities improved for other than farming, stock-raising or market gardening purposes, shall be assessed at their full value, and buildings at two-thirds of their value. The values of both shall be ascertained separately and shall be sent down separately in columns of the assessment roll, and the assessment shall be the sum of such values; provided that the assessor may lower the assessment of any building to less than two-thirds of its actual value in any case where he is of the opinion that its inappropriateness of location, or other circumstances affecting its value, fairly justify him in so doing."

"All lands in rural municipalities not coming within either of the classes set forth in sub-sections (1) and (3) of this section shall be assessed at their full value. In determining such values the assessor shall consider the advantages and disadvantages of location, quality of soil, value of standing timber, and such other considerations as the commission may direct."

"The ordinary farm residence and buildings upon any parcel of land in rural municipalities improved for farming, stock-raising or market gardening purposes, shall not be assessed by the assessor at two-thirds of its actual value in any case where he is of the opinion that its appropriateness of location or other circumstances affecting its value, fairly justify him in so doing."

"In cities, towns and villages, lands shall be assessed at their full value, and buildings at two-thirds of full value. The value of both shall be ascertained separately, and shall be set down separately in columns of the assessment roll, and the assessment shall be the sum of such values, provided however, that the assessor may lower the assessment of any building to less than two-thirds of its actual value in any case where he is of the opinion that the building, on account of its appropriateness of location or other circumstances affecting its value, fairly justifies him in so doing. . . . . In order to exempt any building for the purposes of taxation under the provisions of this section, it shall be necessary in every case, that the area of the land actually cultivated for farming purposes, shall comprise at least forty acres, and that the income from such land is the owner's, tenant's, lesser's or occupant's chief source of revenue."[1]

Although an effort has been made to improve the method of making the real property assessment throughout Manitoba, apparent weaknesses still exist. A Provincial Tax Commission was appointed to advise local assessors and to prepare the equalized assessment. Standards were set up for the guidance of local assessors who remained the appointees of the municipal councils. The equalized assessment was based upon the property valuations prepared by the local assessor. The report of the Assessment and Taxation Commission, as formerly stated, pointed to the fallacy of having an untrained assessor perform the very important duty of valuating property for taxation purposes. The Assessment Act of 1924 left the appointment and qualifications of the local assessor to each municipal council. The practice in making this appointment has been to call for tenders. Training and qualification for the most vital position in the whole system of property taxation have not always been made the first consideration. Moreover, it would be too much to expect that the influence of members of the municipal council would not at times affect the determinations of their own appointee.

That the assessment of real property has not been satisfactory in Manitoba was shown by the many appeals (475) made against the assessment in the city of Winnipeg in February, 1932, and by the provision for a complete re-assessment of all city real estate. As recently as December 9, 1932, the deficiencies of the assessment system were discussed at the annual convention of the Manitoba Union of Municipalities, and a revision of the Provincial Assessment Act is under consideration. Professor H. C.

---

[1] Ibid., sec. 29.

Morrison, writes of this problem in the United States as follows:

> "There are few assessment districts anywhere in the United States which will not show assessment ratios on different taxpayers ranging from less than 20 to more than 100 per cent. Of course such inequalities never become apparent save when an occasional scientific survey is made, or a sporadic reform takes place.
>
> "It is true that state boards of equalization and state tax commissions have been set up and charged with the duty of bringing about equality in assessment ratios, or at least of checking undervaluation. Such boards are often the first to acknowledge the futility of the task. At best, they can defeat in part inequalities of valuation as between tax districts, but in the attempt to render justice between taxpayers they can do little more than revise local guesses with state guesses."[1]

The equalized assessment has of necessity to be based to a very large extent upon the returns made by the local assessor. An assessment based upon valuations obtained by this system could scarcely be expected to even out the inequalities that occur. In 1932 the Manitoba Tax Commission and the Manitoba Union of Municipalities recognized the necessity for improving the machinery for the assessment of real property.

Real property in Manitoba has been assessed on the basis of its capital value. The finding of the Assessment and Taxation Commission in 1919 was as follows:

> "While there has been very general complaint, more especially in the cities, to the effect that the existing tax rates on real estate are excessive, there has been no general request for the displacement of property by annual rental value as the basis of the real property assessment. While, therefore, some may consider the latter to be, in the abstract, the more equitable basis, we cannot in view of the fiscal history, existing conditions, and prevailing ideas of the Canadian people, advise a departure from the present system under which real estate is assessed for taxation on its capital value.
>
> "To substitute annual rental value as the basis, would at once relieve from taxation a considerable proportion of the real property the revenue from which, under the present system, contributes to the support of municipal government, and is the security for municipal indebtedness."[2]

---

[1] H. C. Morrison, School Revenue, pp. 161-63. Chicago: University of Chicago Press, 1930.

[2] Report of the Assessment and Taxation Commission, p. 64.

In less than two years after the finding of the Commission, lands in the sub-marginal, marginal, and suburban areas of Manitoba began to revert to municipalities in significant quantities and have persistently continued to do so. The effects of the method of assessment, and of continuing the capital value of real property as the tax base for municipal and school services will be discussed at considerable length in succeeding chapters.

The Growth of Taxation on Real and Personal Property

The increase in the burden of taxation on real and personal property for a period of years may be measured by a comparison with the growth in provincial wealth, the growth in provincial income, or with the growth in assessment on real and personal property. As data concerning wealth and income are not available over a considerable period of time assessment as a measure of wealth is taken as the basis for comparison. Professor Lutz points out that this is not the most accurate basis, more particularly where both urban and rural property assessments are included, because "different classes of property vary widely in productive power and . . . . are not equally certain to be fully assessed."[1] Furthermore, it is not accurate because of the change in assessed valuations that has occurred over the period studied. It can serve only as an indication of the trend in taxation in Manitoba. Table XXV, the data for which are taken from the annual statistical reports of the Municipal Commissioner, indicates the growth in the burden of taxation upon real and personal property as measured by one hundred dollars of assessed valuation during the period 1905 to 1931 inclusive.

Local assessments increased rapidly in 1915 and 1920 while tax rates remained correspondingly low; this is typical of the tendency at these periods to inflate valuations and to keep down the tax rate. Local assessments were reduced steadily during the period 1922 to 1929, reflecting the effect of the reduction in taxable lands and in property valuations. During the period centering about 1920 to 1922 assessment increased enormously, fell off after the depression, but in 1929 had returned to the level of 1922. During the twenty-five year period the tax rate has climbed steadily, the war years excepted, and the burden per hundred dollars of local assessment in 1930 shows an increase of almost 75 per cent over that of 1905, while the total levy in 1929 has

---

[1] H. L. Lutz, Public Finance, p. 369. New York: D. Appleton and Co., 1930.

returned to the previous high point reached in 1922. Since 1922 both local and equalized assessed valuations have been reduced steadily; tax levies have curved back to the figure reached at that date, while tax rates have mounted because of the reduced tax base and the continually increasing levies of the past few years. The reduction in the tax rate in 1931 is an indication of the effort made in rural municipalities and towns to reduce the tax burden during a period of severe depression. It shows, still further, that even though farm income had almost disappeared, it was not possible to reduce taxation to any appreciable degree.

The comparative growth in levies for municipal undertakings, the Municipal Commissioner's Levy, the General Municipal School Grant, and for special school levies at five-year intervals

TABLE XXV

INCREASE IN TAXATION PER ONE HUNDRED DOLLARS OF LOCAL ASSESSMENT ON REAL AND PERSONAL PROPERTY IN MANITOBA AT INTERVALS DURING THE PERIOD 1909-1931 INCLUSIVE

Year	Local Assessments (000 omitted)	Average Tax per Hundred Dollars of Assessment
1905	$153,241	$2.02
1910	299,140	2.22
1915	547,698	1.79
1920	680,802	2.36
1922	681,203	2.82
1925	594,994	3.07
1927	567,504	3.09
1929	561,598	3.46
1930	563,694	3.43
1931	557,467	3.29

during the period 1909 to 1929 is shown in Table XXVI and illustrated in Figure 8. These data are based upon the actual levies on the highest assessed quarter section of land for three consolidated, six graded and twenty-five rural schools in the municipalities of Dauphin, Pipestone, Thompson, Ethelbert, Mossey River and Piney. It was furnished the writer by the ecretary-treasurers of the municipalities named. Although the sampling is small, and emphasizes lands in graded school districts and low-assessment areas where the school levies are proportionately high,

yet, this indicates with reasonable accuracy the relative increase of taxation on farm lands in Manitoba. Statistics compiled in Table XXVI show that the total school levy on farm lands throughout the province amounted to 50.03 per cent of the total tax imposed in 1929, while the total school tax on the 34 quarter sections of farm land studied amounted to 47.69 per cent of the total tax imposed. A small variation in the provincial estimate given in Table XXV would be caused by the inclusion of the levy on unincorporated villages. The slight upward trend in the general school

TABLE XXVI

GROWTH IN TAXATION ON THIRTY-FOUR QUARTER SECTIONS OF FARM LANDS IN MANITOBA AT FIVE-YEAR INTERVALS, 1909-1929

Tax	Average Levy per Quarter Section				
	1909	1914	1919	1924	1929
All municipal	$10.44	$14.23	$23.82	$28.35	$27.97
Municipal commissioner's levy ...	.61	.82	7.62	9.59	11.12
General school	4.59	5.03	6.12	20.44	21.71
Special school	7.73	13.68	22.64	4.78	13.93
Total school	12.32	18.71	28.76	27.12	35.64
Total tax	23.97	33.76	59.85	65.09	74.73
Indexes of total tax	100	141	249	272	312

levy would be caused mainly by levying to cover arrears of taxes. The decided upward trend of special school taxes in 1929 is a very clear indication that the problem of increased school taxation at that point was due to increased school costs in a much larger measure than to the small increase in the general levy to overtake arrears of taxes. This whole discussion and the illustration in Figure 8 go to establish that it was not the burden of the general school levy which caused the increase in taxation in 1929, but rather the decided upward trend of the special school and municipal commissioner's levies. It has already been established in this chapter that the reduction in the municipal commissioner's levy in 1930 was taken up almost entirely by the increase in municipal and school costs. It is evident from what has already been said that the increase in school costs is to be found in the special school tax and not in the general school tax, except in so far as it has been made to take care of arrears of school taxes.

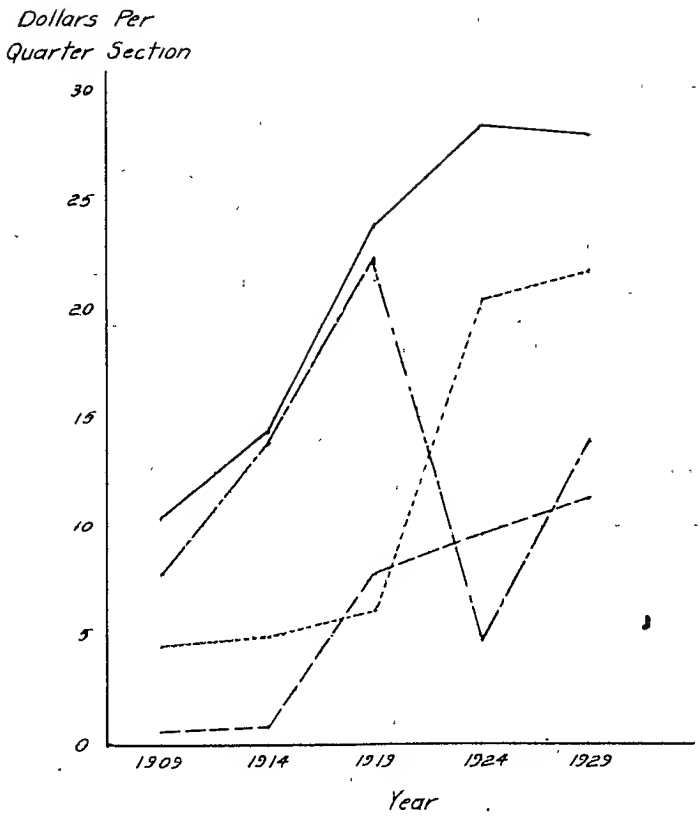


Fig 8 — Showing the rise in taxes on thirty four quarter sections of land due to Municipal, Provincial and School levies at five year intervals during 1909-1929

———— Municipal Levy
— — — — Municipal Commissioner's Levy
---------- General School Levy
—·—·— Special School Levy

The increase in the taxation on a quarter section of farm land in the old wheat growing municipality of Dufferin during the period 1893-1932 is shown in Figure 9. Part of this information was secured through the courtesy of Professor H. C. Grant of the Manitoba Agricultural College, and part by the writer, from the secretary-treasurer of the municipality. It was chosen from a number of such examples because of the completeness in detail of the statistical history of the taxation of farm lands in what has been one of the prosperous farm areas of Manitoba.

The data presented in the foregoing tables and diagrams show that the first noticeable increase in the taxation of farm lands occurred about the year 1914, and rose rapidly during the period 1919-1922. Since 1922 taxation has remained relatively stationary, thereby illustrating the difficulty either of reducing municipal expenditure or of shifting the burden of taxation from farm lands. The reason for the latter has been established already. Other fields of taxation have either been preëmpted by the Dominion or provincial governments, or have not been made available for municipal and school purposes.

Levies for Municipal and School Purposes

In times of depression or of increasing taxation school costs are frequently subjected to criticism. School costs and teachers' salaries are known costs within small communities and are readily seen, while governmental and municipal costs are farther removed and their burden neither so readily seen nor understood. A study of the comparative weight of taxation upon property for the purposes of the provincial government, the municipality, and the school is made herein with a view to determining the relative burden of each. The data contained in Table XXVII are taken from statistical information furnished by the Municipal Commissioner.

School expenditures reached their highest point in 1922 and have not since regained the position held at that date; levies for school purposes dropped abruptly in 1925 but have increased steadily until 1930. Levies for municipal purposes also reached a high point in 1922, and after a slight drop in 1925, mounted rapidly until 1930. School levies in 1922 amounted to 43.7 per cent of the total levy upon municipal property throughout Manitoba while municipal levies amounted to 45.1 per cent of the total levy during the same year. By 1930 school levies had once more risen to 42 per cent of the total and municipal levies to 51.3 per cent, so that while there has not been a large margin between the levies for school and municipal purposes, the tendency has been toward a

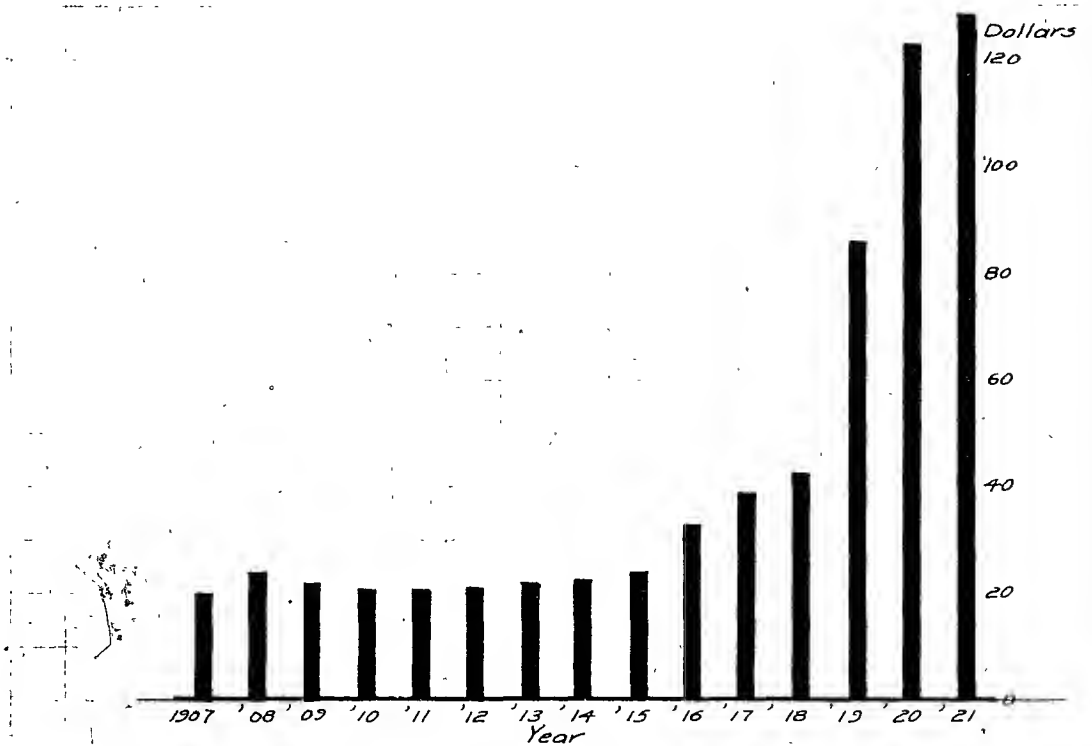


Fig 9 – Manitoba Taxes by years on a typical quarter section in the rural municipality of Dufferin, 1908-1921

TABLE XXVII

LEVIES FOR PROVINCIAL, MUNICIPAL, AND SCHOOL PURPOSES IN THE PROVINCE OF MANITOBA

Year	Total Levies (000 omitted)	Levies for Municipal and Other Local Purposes (000 omitted)	Per Cent of Total Levy	Municipal Commissioner's Levy (000 omitted)	Per Cent of Total Levy	School Levy (000 omitted)	Per Cent of Total Levy
1922	$19,302	$ 9,708	45.1	$2,159	11.2	$8,434	43.7
1925	18,265	8,062	49.2	1,768	9.7	7,510	41.1
1929	19,463	9,488	48.7	2,056	10.6	7,918	40.7
1930	19,322	9,922	51.3	1,283	6.7	8,116	42.0
1931	18,368	10,191	55.5	654	3.5	7,522	40.9

larger levy for municipal provisions. School expenditure appears to have almost reached the saturation point while unemployment relief and the levy to care for tax arrears continue to force municipal expenditures steadily higher.

Statistical data concerning municipalities in four types of communities for the year 1929, taken from statistical information compiled by the Municipal Commissioner, are compiled in Table XXVIII as an illustration of the wide variation existing in different parts of Manitoba in levies for municipal and school purposes. All cities are included in the first group; seven suburban municipalities, immediately bordering on the city of Winnipeg, in the second; all incorporated towns and villages in the third, and all rural municipalities in the fourth. Statistical data are also compiled for each city and suburban municipality and for representative municipalities from the other two groups. The per cent which the school levy is of the total levy for school and municipal purposes is ascertained for each group and for individual municipalities; in this instance the municipal commissioner's levy is omitted and "total levy" means that for municipal and school purposes only. The average levy for school purposes, compared with that for municipal purposes, was greatest in the rural and least in the suburban groups, being 50.03 per cent of the total in the former and 39.2 per cent of the total of the latter. The average per cent of the total levy for school purposes in the city and in the town and village groups varies by only two per cent, being 42.8 per cent for the former and 44.8 per cent for the latter. The high per cent of the levy devoted to school purposes in the rural group does not mean that better school provisions are made but rather that rural municipalities have been more conservative in municipal undertakings. On the other hand, several of the suburban municipalities have made large outlays to provide better municipal services for a widely distributed population and in so doing have possibly limited their ability to make adequate provision for school services. The financial difficulties that have overtaken the municipalities of St. James, Fort Garry, and the Kildonans are chargeable more to municipal than to school costs. The municipality of St. Vital has spent more on schools and continues to do so. In the city group, St. Boniface has been the heavy spender on municipal undertakings while Brandon has devoted almost half of her effort to education. In the town and village group the tendency appears to be for the places with small population to devote the greatest effort to school provisions. This might be said of the larger towns as well, but the middle-sized town appears to pay more toward municipal services. The middle-sized town is ambitious to live well but does not have a

TABLE XXVIII

MUNICIPAL AND SCHOOL EXPENDITURE FOR TYPES OF MUNICIPALITIES IN MANITOBA FOR THE CALENDAR YEAR 1929

Group	Total Levy for Municipal and School Purposes	Levy for School Purposes	Per Cent School Levy Which Was of Total
City:	$8,489,729	$3,638,750	42.8
Winnipeg....	7,007,610	3,172,000	45.3
St. Boniface	770,298	187,000	24.3
Portage.....	177,475	69,750	34.6
Brandon.....	444,451	210,000	47.3
Suburban:	1,288,870	503,975	39.2
Brooklands..	41,349	24,124	58.3
W. Kildonan..	182,233	63,854	35.0
E. Kildonan..	237,793	91,940	38.4
Ft. Garry....	143,768	43,417	30.2
St. Vital....	225,239	108,717	48.2
St. James....	413,976	157,653	37.2
Tuxedo.....	36,360	14,198	39.8
All Towns and Villages:	1,149,245	515,762	44.8
Dauphin.....	132,268	61,450	46.4
Selkirk.....	92,521	34,000	36.7
Souris.....	36,763	12,099	32.9
Carman.....	39,023	12,880	33.0
Elkhorn.....	8,206	4,950	60.3
Emerson.....	22,299	12,000	53.8
Hamiota.....	11,278	4,554	40.4
All Rural Municipalities:	6,479,184	3,260,273	50.03
Coldwell....	42,225	20,296	48.6
Dauphin.....	100,487	55,108	54.7
Dufferin....	104,915	50,440	48.0
De Salaberry	62,345	28,470	45.6
Edward.....	40,226	19,998	49.0
Ellice.....	38,248	17,240	45.1
Elton.....	41,057	22,439	54.6
Miniota.....	95,000	59,581	60.3
Chatfield...	18,676	13,435	71.0

sufficiently large tax base to support extensive municipal and school undertakings. Rural municipalities divide their effort about equally between school and municipal effort. Two exceptions appear in this column, Miniota and Chatfield. Miniota has a municipal school board, is completely consolidated or at least provides transportation for all children attending school, and this accounts for the large measure of support to education. Chatfield is located in the low-assessment area and cannot provide funds for large municipal expenditures. That is true of all municipalities in low-assessment areas, as wherever a large outlay has been made on roads and a considerable debenture indebtedness incurred, the schools have been forced back upon the provincial government for a larger measure of support.

Some Effects of Increased Taxation

The effect of the increased burden of taxation and increased expenditure for many purposes during the fluctuating conditions of the past decade may be seen in the reduction that has taken place in taxable lands and in the increase of tax arrears.

Since 1922 the reduction in taxable lands in thirty-eight municipalities has amounted to 811,553 acres, not all of which were improved lands, but, nevertheless, were revenue bearing. Information secured from the secretary-treasurers of rural municipalities indicates very clearly that better rural lands in low-assessment areas are beginning to appear in the non-taxable column. This is particularly true of the inter-lake area and is shown for the municipality of Eriksdale where lands close to the village of Eriksdale have been sold for taxes. It is also true of the municipality of Bifrost where lands along the lake front in the Hnausa School District have reverted to the tax sale list. The extent to which the reduction of taxable lands has been taking place is shown for twelve low-assessment municipalities in Table XXIX, the information for which is taken from Statistical Information prepared by the municipal commissioner for 1923, 1925, and 1930.[1] The effect on the remaining taxable lands is apparent. An effort is made for a time to maintain school and municipal services as formerly with the result that the weight of taxation falls upon a decreasing tax base and even the best lands in a community cannot continue to bear the strain. In these areas the margin between income and living costs is very close and residents can neither afford to live extravagantly nor to pay high taxes. Very little reserve is accumulated, and with a deflation in the

---

[1] Statistical Information, 1922, 1930.

prices of live stock, poultry or wood, the sources of income and the ability to pay taxes are quickly affected. This was apparent during the year 1931, when the wood market fell off (both in the quantities which the market would absorb and in the prices paid), and the main source of income for the municipalities of Piney and Sprague was seriously reduced.

TABLE XXIX

REDUCTION IN TAXABLE LANDS IN LOW-ASSESSMENT AREAS

Municipality	Quarter Sections Assessed		
	1920	1925	1930
Sprague	...	378	344
Chatfield	650	693	669
Coldwell	1,081	986	824
Eriksdale	994	...	651
Armstrong	730	443	285
Mossey River	737	702	649
Woodlea	745	608	446
Siglunes	795	726	686
Bifrost	1,186	1,288	1,109
Piney	427	488	422
Lawrence	779	783	493
Ethelbert	777	753	697
Totals for ten municipalities.	7,907	7,470	6,274
Reduction over that at 1920 ..	...	437	1,223

During the boom days centering around 1909, the speculator invested a large amount of money in hay meadow lands and in urban lots. Both the municipalities and the provincial government acted on the theory that these lands should be taxed as if they had been improved. In sub-marginal rural areas the land tax was distributed according to the estimated value of the land and, in addition, the provincial government levied an unoccupied land tax. The reduction of land values following the depression of 1920-1922 made it unprofitable to retain possession of unoccupied lands and much of it has continued to revert to municipalities. Even the larger holding companies have been letting it revert. Had the principle of a minimum tax plus a tax on unearned increment at time of sale been applied to unoccupied lands, the

reversion of these lands to municipalities might not have proceeded with such rapidity.

The Select Committee of the Manitoba Legislature appointed to enquire into conditions in suburban municipalities about the city of Winnipeg found in 1925 that these municipalities were burdened with "tax arrears, tax certificates and titles amounting to $5,003,031, a good part of the land involved being already in the hands of the municipalities, and, it is feared, much more will follow."[1]

High taxation has been the main factor in the reduction of taxable lands in the suburban municipalities. It has not been profitable to hold suburban lots bought for speculative purposes under conditions that have existed since 1920. Table XXX gives a very fair indication of what has happened in suburban municipalities about the city of Winnipeg since the year 1925.

TABLE XXX

EQUALIZED ASSESSMENT OF FOUR SUBURBAN MUNICIPALITIES IN 1925, 1929, AND 1931
(000 omitted)

Municipality	Equalized Assessment for the Year		
	1925	1929	1931
East Kildonan ...	$ 3,720	$ 3,194	$ 2,937
St. James	7,606	5,190	4,016
St. Vital	4,241	3,871	3,613
Transcona	2,310	1,725	1,584
Totals	$17,877	$13,980	$12,150

The equalized assessment has decreased by approximately 32 per cent during a period of five years. The present depression is taking its toll once more and situations that were becoming somewhat stable in this regard are again breaking under the strain of reduced income. In the municipality of St. James alone the municipality "owns approximately 55 per cent of the area of the municipality and 33.5 per cent of the assessed value of the rateable land, excluding from value calculations all land exempt by reason of their character as religious, educational, government or railway property."[2]

---

[1] Third and Final Report of the Select Committee of the Legislature, pp. 9-10. Winnipeg: King's Printer, 1925.

[2] Ibid.

The problem in the suburban municipalities has been rendered all the more difficult owing to the class of property upon which the burden of the real property tax falls. Commercial property in the city of Winnipeg bears approximately 46 per cent of the burden of school taxation, while in St. Boniface it bears 36.5 per cent, and in St. James 12.5 per cent. Because the tax falls heavily upon land and fails to bear down equitably upon the incomes of the people, much of the unimproved land has reverted to the suburban municipalities. So long as taxation upon real property continues to be the main source of revenue, so long will this unequal distribution of revenue bearing property be a factor in the ability of communities to provide equal educational facilities.

A somewhat similar situation, on a smaller scale, exists in the city of Winnipeg. The report of the Board of Valuation for the city of Winnipeg in 1932 shows that the city has acquired title to 27.7 per cent of approximately all the plotted street frontage, and is in the course of acquiring 3.29 per cent, making a total of 30.99 per cent of all the plotted street frontage inside the city limits. This amounted to approximately 3.8 per cent of the total assessment for the city.

School district loans are another indication of the reduced paying ability of a municipality. School districts frequently borrow money for the autumn term on the strength of tax receipts in the month of December, but when the municipalities, because of tax arrears, are unable to meet their indebtedness to schools, the loans of the latter rise very rapidly. School monies due from municipalities throughout Manitoba rose from $1,971,955 in 1920 to $4,151,548 in 1921; the amount due and unpaid has varied little since that date. School district loans and overdrafts rose from $2,664,243 in 1920 to $4,457,730 in 1923; a considerable reduction occurred in 1925 but in 1930 the amount was approximately the same as in 1923.

Tax arrears in Manitoba, which amounted to $14,599,769 in 1923 gradually became reduced to $9,896,234 in 1928, but rose again to over ten million dollars in December, 1929. It has already been shown that municipalities have been forced to increase their levies for school and other purposes to care for tax arrears.

The discussion up to this point has revealed that almost the total cost of municipal undertakings and approximately six-sevenths of the cost of education to the school districts of Manitoba have been derived from the taxation of real property. The tax burden thus imposed has been causing the return of lands to the municipality at points of low income, and where lands have been held for speculative purposes. This has been true during

progressive as well as during depressed economic periods since the year 1921 when rural schools in sub-marginal areas were closed in large numbers for want of sufficient revenue. This condition has extended far beyond the original points of difficulty and has become a serious problem in marginal land areas and in suburban municipalities. The extension of this situation, the continued growth of taxation on real property and the increase of tax arrears over a wide area, have made it evident that the present tax base cannot carry the load of taxation that has been imposed on it. There remains to be established whether or not the capital value of real property should be made the indexes for school as well as for municipal support. That problem will be studied in the four succeeding chapters.

CHAPTER VII

INCOME AS A MEASURE OF ABILITY

Introduction

Some of the effects of making the estimated value of real property the measure of ability to bear the major burden of municipal and school services in Manitoba were shown in the preceding chapter. Economists are now generally agreed "that faculty or ability to pay should be measured in terms of income rather than in terms of the estimated value of real property."[1] Sir Josiah Stamp states that:

> "Ability to pay, or the faculty principle, is now almost universally recognized as the satisfactory one for apportioning the tax burden. This is generally interpreted to mean ability by reference to monetary sources, probably because the tax itself is payable in money."[2]

Professor E. A. R. Seligman, discussing this problem states that:

> "Amid the clashing of divergent interests, and the endeavor of each social class to roll off the burden of taxation on some other class, we discern the slow and laborious growth of standards of justice in taxation, and the attempt on the part of the community as a whole to realize this justice. The history of finance, in other words, shows from one point of view, at least, the evolution of the principle of faculty or ability in taxation - the principle that each individual should be able to help the state in proportion to his ability to help himself."[3]

Economists are also generally agreed that the major burden of taxation for services of general benefit, such as the administration of justice, or education, should be levied upon income rather than upon real property. Professor Clark, addressing the Manitoba Trustees Association in 1927, spoke as follows:

---

[1]Henry C. Morrison, School Revenue, p. 156.

[2]Sir Josiah Stamp, The Principles of Taxation, p. 7. London: The Macmillan Co., 1929.

[3]E.A.R. Seligman, Essays in Taxation, p. 18. New York: The Macmillan Co., 1925 (10th ed. rev.).

"The equity and administrative expediency alike disappear when the real property tax is used to throw on the real property owners by far the greater share of responsibility for the support of services of not merely local but general interest, such as education. . . . . To meet the special services of this character, which cannot be said to confer any special or pecuniary benefit on real property owners as a class compared with the rest of the community, the benefit basis of taxation is wholly inapplicable, and in any scientific system of public finance it would be replaced by taxation of the community as a whole on the basis of ability to pay."[1]

In view of these commonly accepted principles of taxation it is the purpose of the writer in this and the three succeeding chapters, to investigate the relation which taxation on real property bears to the income of the taxpayer in Manitoba. It is also the purpose of the writer to set up a measure of income for typical rural and urban units of local government with a view to estimating, in terms of income, the ability of such communities as support public schools to pay for them. In so far as the writer is aware, no one has made a study of these problems in Canada. Certainly, no attempt has been made to compare, in terms of income, the ability of representative areas to bear the burden of school taxation.

Income Defined and Limited for the Purposes of This Study

Maurice Leven and W. I. King have classified income as "Current Income" and "Total Net Income." Current income, as defined by Leven and King, includes income from wages and salaries, interest, dividends, rents, business profits of individuals (excluding changes in the value of inventories); income from the keeping of cows, gardens, and poultry by non-farmers; imputed rent on owned homes, and imputed interest on the value of consumptive goods in the hands of consumers.[2] Willford I. King states that current income, though a somewhat hazy concept, may be defined as the excess of cash receipts over business expenses, plus the money value of income received in the form of commodities.[3]

---

[1]A. B. Clark, Report of the Manitoba Trustees Association, p. 34. Winnipeg: King's Printer, 1927.

[2]Maurice Leven and Willford Isbell King, Income in the Various States, Its Sources and Distribution, 1919, 1920 and 1921, p. 42. New York: National Bureau of Economic Research, 1925.

[3]Ibid., p. 28.

Total net income is defined by Leven as comprising "all the items listed under current income and, in addition, it includes surpluses and gains on inventories accruing to individuals."[1] It represents not only the excess of cash receipts over business expenses but also gain or loss due to the changing value of consumptive goods on hand and of real property owned. It would credit income with net increases in money value, or debit income with net decreases in money value of consumptive goods on hand and real property owned, whether they were sold or not.

King, writing of current income and of total net income for states, compiled by the National Bureau of Economic Research, says that:

> "They are merely sums of those kinds of individual book incomes commonly accounted for in terms of money. If every individual kept an accurate set of private accounts and thereby arrived at his net income for the year, and if all the net incomes were added together, the resulting totals would be those which the report attempts to approximate."[2]

With some exceptions, current income as defined by Maurice Leven and Willford I. King, is used for the purposes of this study as the measure of the ability of selected communities in Manitoba to support public schools. King, writing of the merits of current income and total net income as measures, states that:

> "For many purposes, current income is a more useful concept than that of total income, which includes gains or losses on the value of property owned. Current income is the better guage of the scale of living, and hence of apparent immediate prosperity or distress. . . . . Moreover current income is a much more stable quantity than is inventory gain or loss, and because of the character of the available data, can be measured with greater accuracy."[3]

The changing values of property during recent years, the inadequate methods of estimating property values, and the lack of reliable information pertaining thereto have made it exceedingly difficult to form a proper estimate of gains or losses arising from these sources. It was due to these facts that current income was selected for the purposes of this study.

Professor H. C. Morrison comments on the value of the estimates of income prepared by the National Bureau of Economic Research for the United States as follows:

---

[1] Ibid., p. 43.
[2] Ibid., p. 20.
[3] Ibid., p. 28.

"The income estimates give us an excellent factual basis, perhaps the first such basis we have ever had, for a study of the purely financial possibilities of an adequate school organization for the nation as a whole. Further, they suggest a method of thinking which is extremely helpful in the direction of investigations calculated to give us similar estimates for any state or any local community. In particular they give us a basis for judging the limits of taxation."[1]

Exceptions made in the basis for estimating current income.- For the purposes of this study certain items were omitted from those included in current income as defined by King and Leven. Imputed interest on the value of durable consumptive goods in the hands of consumers was not included as it was impossible to secure data pertaining thereto.

Income from the keeping of cows, gardens, and poultry by non-farmers in urban centres was not estimated except in the case of market gardeners and other individuals who made their livelihood from such gainful occupations. In estimating current income for the latter group a laborer's wage was allotted to each adult member of the family so engaged.

Imputed rent on owned homes was not included. Maurice Leven argues for its inclusion in current income as follows:

"The difference between owned homes and rented homes is really only a matter of occupancy, and the person residing in his own home receives an income just as truly as if he rented the home to some one else."[2]

Sir Josiah Stamp states that:

"Everyone must live in some house or other, and therefore a payment for rent can be regarded as normal or essential out of every income."[3]

However, in this study, an effort was made to estimate the aggregate of individual incomes out of which school costs were paid within given areas. The only part of income chargeable to rents and available for school purposes would be that left to the landlord, in the case of rented residential property, after he had deducted fixed and maintenance charges. In such cases the net income from rent would be the concern of this study. Similarly, if rent were imputed for private dwellings there would have to be deducted fixed and maintenance charges which in all probability would completely absorb the imputed rent. In any event, imputed residential rent spread across different types of communities balances itself against imputed charges. Accordingly, the income

---

[1]H. C. Morrison, School Revenue, pp. 49-50.

[2]Leven and King, op. cit., p. 245.

[3]Stamp, op. cit., pp. 31-32.

available for public school support and included in this study was composed of the salaries and wages of individuals, net rents received by the proprietors of rented properties, net profit from business of any kind, and income from interest and dividends.

Time Element in Estimating Income

The time element is an important factor in estimating current income. This is particularly true of income from farming, salaries, wages, and rents. Farm income is affected from year to year by varying weather conditions, fluctuating prices and losses due to plant diseases and pests. For the purposes of this study farm income was estimated over a five-year period, 1925 to 1929 inclusive, and the average for a year obtained. The period selected included the large crop years of 1926 and 1928; the partial crop failure in northern Manitoba, Dauphin and west, in 1929. Price conditions were relatively stable throughout the period. The price of wheat, the largest single factor in farm income for Manitoba, ranged from 92 cents in 1928 to $1.18 in 1925 when figured in terms of average price per year. Table XXXI shows that, with the exception of 1928, there was but little variation in the price of field crops throughout Canada during the period selected. The average annual farm income would include almost all the variable factors which operated under the comparatively normal economic conditions of the period. It would also provide a reasonably accurate estimate of the ability of the farmer to pay taxes and to support public enterprises under economic conditions, uniform for a period of years.

Income from salaries and wages and from rents were estimated for the period 1925-1929 and the average annual income calculated.* The indexes of prices compiled in Table XXXI indicate that conditions, in general, were comparatively stable throughout the period. Income from wages showed a steady upward trend; rents in Manitoba remained uniform throughout. A study of particular cases in the city of Winnipeg and in the town of Dauphin confirm the price indexes of rents. The cost of living varied but 1.2 per cent for any one year. In view of the uniformity of the prices of wages, rents, and costs of living no attempt was made to adjust the average annual income to the basis of the value of the dollar at 1913 or at 1926.

Rural Areas Selected for Study

With one exception, organized municipalities were chosen as the unit within which rural income was estimated. The

TABLE XXXI

INDEXES OF PRICES AT VARIOUS INTERVALS, 1921-1929

Item	On Basis of the Value of the Dollar at	Year					
		1921	1925	1926	1927	1928	1929
Prices of field crops in Canada..	1926	101.1	102.1	100.1	96.5	84.6	104.9
Wages for nine leading classes..	1913	191.2	179.7	180.5	184.3	187.6	192.7
Rents in Manitoba..	1913	173.9	184.2	184.2	184.2	184.2	184.2
Cost of living in Canada.....	1926	109.2	99.3	100.0	98.4	98.9	100.0

municipality represented the smallest area of civil administration in the province. Moreover, it was the unit over which, in general, a large part of the taxes for municipal and school purposes were levied. Although not an economic unit, it constituted, in some instances, a near approach to one. The school district was not an economic unit, nor, except in the case of the one large city, Winnipeg, did it possess many of the attributes of an economic unit. In the truest sense one must include an area not necessarily bounded by political lines since the factors in income are not so limited. As this will be discussed in greater detail in a subsequent chapter, sufficient has been said to indicate the advisability of endeavoring to segregate income within municipal boundaries, at the same time recognizing the fact that such a territorial classification for the purpose of estimating income has its limitations.

An exception is made in the case of the Swan River Valley. This area is separated from the remainder of the province by the Duck Mountains on the south and includes the sparsely settled agricultural community stretching northward from the northerly boundary of the rural municipality of Swan River. It is almost entirely isolated from other farm and trading communities. Moreover, it is located for the most part within both a Dominion census division and a Provincial crop district. Statistics are available from both sources. In addition, the Canadian Pioneer Problems Committee made a survey of farm income and farm costs in this area in 1929, the data from which are also available. Much of the land has high productive power; there is also considerable marginal land. Grain growing is the source of approximately 65 per cent of the income and the remainder is derived from live-stock enterprises.

Topographical conditions in the rural municipality of Dauphin are outlined in Chapter I. This municipality contains both fertile and marginal lands, the latter being more extensive than in the somewhat similar but larger area of the Swan River Valley. Wheat provides the chief income from grain growing. Oats and barley are produced mainly for feed, while stock raising and dairying are important agricultural pursuits.

The municipality of Rossburn, on the southwestern slope of the Riding Mountains, contains much uniformly good land. This is interspersed, however, by woods and low-lying lands. Mixed grain farming, stock raising and dairying are the chief sources of income.

The municipality of Ethelbert lies northwest of Dauphin, while Chatfield is in the mid-lake area. Both areas contain much sub-marginal land which settlers persist in cultivating. Income is derived from mixed grain growing, stock raising, dairying and

wood products. In normal years a very considerable part of the income is obtained through working in the harvest fields of the grain growing sections of the province. These municipalities are chosen because they are representative of sub-marginal lands in which conditions have remained stable both as to taxable land and population during the period 1925-1929.

The rural municipalities of Thompson and Dufferin, situated at the western edge of the Red River Valley, and the municipality of Miniota, in western Manitoba, are typical of the grain growing areas of the southern part of the province. From the standpoint of productivity they are typical of much of the good farming area of Manitoba and representative of the areas in which they are located. In addition to grain farming, a very considerable income is derived from stock raising and dairying.

The municipality of Strathcona, in the southwestern lake district, has a considerable area of marginal lands. It is below the average in productivity for the crop district in which it is located. Farm income is derived from mixed grain growing, stock raising and dairying.

The nine rural areas selected for the purpose of estimating rural income are representative of gradations in the fertility of agricultural areas throughout the province. Farm income in Manitoba is closely related to soil fertility and is conditioned by the somewhat uniform climatic conditions which prevail over the province. The climatic conditions prevent utilizing sub-marginal lands for purposes other than mixed farming or grazing. The better farm lands are durable, the poorer play out after a few years of cropping and cannot be greatly improved, but must be adapted to less intensive cultivation. Statistical information concerning land utilization and population for the municipalities selected is given in Table VIII of the Appendix.

Urban Centres Selected for the Study

Four urban centres were selected for the study of taxation in relation to income: the city of Winnipeg, the suburban municipality of St. James, the town of Transcona, and the town of Dauphin.

In 1931 the city of Winnipeg had a population of 217,587 or 31.1 per cent of the total population of Manitoba. The population of metropolitan Winnipeg, in 1931, formed 40.4 per cent of the total for the province. It comprised many classes of property, and its residents engaged in a large variety of occupations. The economic influence of metropolitan Winnipeg has extended throughout Manitoba and to a lesser degree throughout western Canada. To segregate all the current income that may rightly be attributed to

the city of Winnipeg is a difficult task, because of the interrelations between the city proper and its many suburbs, as well as with the province as a whole.

St. James is a typical residential suburb; in fact, it is the largest suburban municipality. The population of St. James in 1931 amounted to 14,231.

The town of Transcona is located five miles from the city of Winnipeg. In 1931 its population numbered 5,738. It is a typical factory town, by far the larger part of the income of its residents being earned in the railroad shops and grain elevators located therein.

The town of Dauphin, situated in north-central Manitoba had a population in 1931 of 3,949. It is the largest incorporated town in the province and, owing to the recent extensions of the provincial highways system, stands in much the same relation to an area in northern Manitoba as the city of Winnipeg stands to the province, or to western Canada.

It is not suggested that the urban centres selected are representative of income conditions existing in all urban centres of the province. However, they are sufficiehtly representative to illustrate the relation between income and taxation in different types of urban communities. They are also sufficiently representative to illustrate the variations in ability of different types of communities to provide public services that have more than a local significance.

Sources of Data

The greatest difficulty was experienced in securing reliable data. Considerable statistical information concerning receipts from the Dominion and Provincial income taxes has been compiled in annual reports. This information is classified according to the occupations of individuals as follows: employees, professions, merchants and manufacturers, farmers, and all others. Information thus grouped was of little value for the purposes of a study which undertakes to segregate income by regions. Gross income from various occupations was reported in industrial and farm bulletins, and in the Canada Year Books. Some of this information was sufficiently segregated to be of general value. The census reports contained income data for the city of Winnipeg, for rural municipalities and for census divisions. The writer was compelled to rely, to a considerable extent, upon the statistical data, and its classifications as compiled in the census reports. Additional information was collected by a personal survey of urban communities and by interviewing individuals

conversant with local situations. These statistics were submitted for review and criticism to experts in particular phases of the field. The sources and methods of collecting data are described in detail in the chapters dealing with income from occupations in the various rural and urban communities studied.

CHAPTER VIII

INCOME IN RURAL MANITOBA

Sources and Methods of Collecting Data

Statistical information concerning farm income was obtained mainly from the 1926 Census Report on Manitoba and from crop bulletins published annually by the Provincial Department of Agriculture. Additional information was available from the thesis of R. W. Murchie, "Unused Lands of Manitoba." Data collected in selected areas of Manitoba by the Canadian Pioneer Problems Committee for the years 1929 and 1930 were used extensively for checking estimates. These data provided valuable information pertaining to miscellaneous farm income and farm expenses.

Data contained in the Census Report were compiled according to municipalities and grouped in sixteen census divisions which conformed, in general, to areas having similar agricultural possibilities. For the year 1925 the census data included the crop acreage for each grain, and the total amount of grain harvested in each municipality, as well as the quantity and the value of all other agricultural products. For the year 1926 it included occupied and improved land and the crop acreage for each grain. This report provided the only approximately complete income data available for a study of the rural municipalities of Manitoba. These census estimates, based on information collected largely by personal interview and subject to the errors of that method, were the most accurate available. The chief problem was to make use of this and such additional information available, to present a reasonably accurate estimate of income for representative rural municipalities during the period 1925 to 1929 inclusive.

Crop bulletins, giving statistical estimates of crop acreage, grain yields, grain prices, the value of stock increases, and dairy production for fourteen crop districts in which similar agricultural conditions prevail, have been published annually for many years by the Provincial Department of Agriculture. The boundaries of these crop districts have been adjusted from time to time to secure greater accuracy in estimating the amount and value of agricultural products. Although each crop district comprised several rural municipalities, no attempt has been made in the annual crop reports to arrive at the income derived from

agricultural production within individual municipalities.

To secure information for the annual crop bulletins the Provincial Department of Agriculture distributed questionnaire cards to farmers during the month of June. For each year, during the period 1925-1929, approximately 25 per cent of all farmers in Manitoba supplied the information sought. It was assumed that the information thus obtained could be taken as the average for all farms in the Province. By means of this information estimates of agricultural production were determined for the several crop districts. During the month of November a questionnaire was sent to a local representative of the Department of Agriculture in each survey township and information pertaining to crop yields secured. This information was compared with that obtained by the Dominion Department of Agriculture. The average annual price of grain for the province was arrived at by averaging prices for each month at representative points of shipment within Manitoba.

Estimates obtained by means of the crop bulletin methods can be approximate only. The weakness of the method is to be found in the source of information rather than in the range of sampling. The original data were based upon estimates rather than upon the more accurate practice of farm accounting. The results obtained were less accurate, in all probability, than those obtained through interview by the census collector. However, the information was sufficiently representative to be considered a valuable estimate of production and price trends over a period of years. It was valuable for the purposes of this study in that it made possible the projection, over a period of years, of the more definitely localized information contained in the census reports. Although the boundaries of census divisions and crop districts were not identical, yet a close relationship existed. Each represented an effort to identify regions having similar agricultural possibilities. Data from the municipal units of the census divisions could be applied to the overlapping crop districts. Figure 10 shows the relative areas included in the census divisions and crop districts of Manitoba in 1926.

R. W. Murchie made a study of the physical, economic, and social factors affecting the settlement of the unused lands of Manitoba for the period 1921 to 1925 inclusive.[1] To obtain data for the construction of a productivity index for the grain production for each of 108 rural municipalities, all shipments of grain were recorded over a period of three years, and evaluated at an

---

[1]R. W. Murchie, "Supplement to Unused Lands of Manitoba." Unpublished Doctor's thesis, Department of Social Science, University of Minnesota, 1927. Pp. 37.

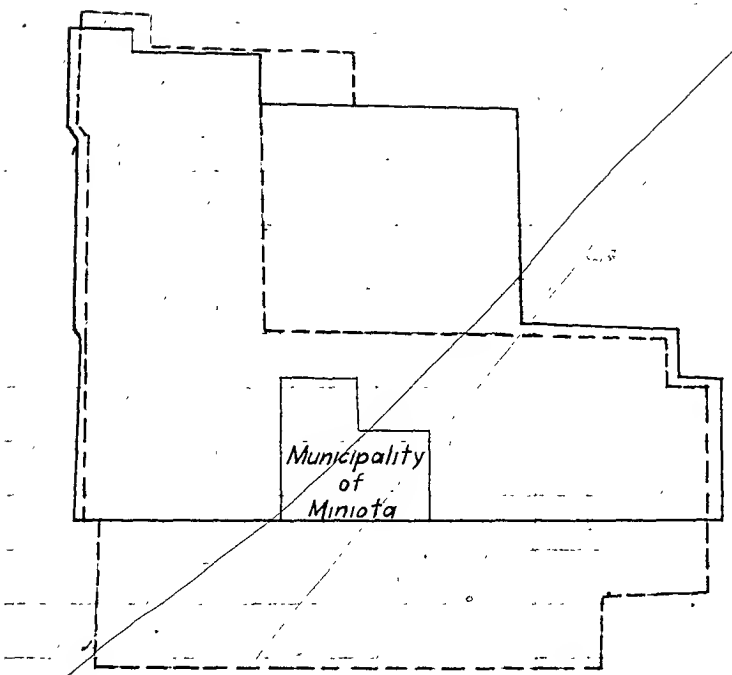


Fig.10.— Showing the areas included in Crop District No.10 and Census Division No 11 in the Province of Manitoba during 1926

---Crop District

——Census Division

average price for different grades during this period. Data concerning live stock sales were obtained by securing the value of cattle, hogs and sheep shipped from centres in each municipality. The value of dairy products sold was obtained from records of the value of cream received at all creameries throughout the province during the months of February and June and the value of whole milk receipts from the figures of the largest dairies in the city of Winnipeg. The indexes for municipalities were obtained by dividing the total value of each product by the total improved acreage for each municipality. The indexes of productivity thus established were valuable in that they afforded a reasonably accurate and comparative measure of cash income per acre of improved land within the smallest unit of civil administration in Manitoba. Although they did not measure the total cash income, and were constructed for a period immediately preceding that of the present study, they were valuable for checking purposes and were so used to indicate points at which a correction should possibly be made. They were also used to estimate the extent of the correction necessary.

During the years 1929 and 1930 the Canadian Pioneer Problems Committee investigated types of farming and progress of settlers in the Red River Valley, Dauphin, Shoal Lake, and Swan River areas. Special forms were prepared and experts employed in interviewing a representative sampling of resident farmers in each area. Data were collected covering all farm activities of a large number of farms. The writer has carefully examined many of the individual farm reports, and has studied the works of C. V. Parker,[1] based on data collected from 197 farms in the Swan River Valley, and of Andrew Stewart[2] for 228 farms in the Dauphin area. The method of collecting the data parallels that for the census and has its limitations, but is exceedingly valuable; first, in that it was collected by personal interview; second, in that it covers a wide range of income and cost factors; third, because of its recency. Unfortunately, the study in each area is limited to one year and does not afford a continuous view of farm income conditions. The material has proven valuable both for its findings and as a check on the findings of the writer for several municipalities.

---

[1]C. V. Parker, "Types of Farming, and Progress of Settlers in the Swan River Valley." Unpublished Master's thesis, University of Manitoba, 1932. Pp. 179.

[2]Andrew Stewart, "The Dauphin District, A Study of the Growth Development, Existing Conditions in an Agricultural Community in Manitoba in 1929." Unpublished Master's thesis, University of Manitoba, 1932. Pp. 424.

Measures of Income Employed

It is exceedingly difficult to separate income produced within a limited area, such as a municipality, from that estimated for a larger rural area such as a census division or crop district. Before attempting to do this it is necessary to decide upon a measure for the apportioning of rural income from a large to smaller area. In rural areas in which grain, live stock and dairy products were the chief factors of income, it was obvious that the distribution of income from census divisions or crop districts to municipalities, located therein, could be made by some measure of land. Crop and pasture land, improved and unimproved land, occupied and unoccupied land were present in varying degrees throughout the regions studied.

As the acreage sown to grain crops was available in the census report for the years 1925 and 1926, grain crop acreage was made the basis for estimating income from grain production, within the municipalities studied, for the period 1925 to 1929 inclusive.

Improved acreage was selected as the measure for apportioning to rural municipalities estimated income from stock and dairy products. This measure was selected because of the probability of its inherent worth and because of the data made available by the studies of C. V. Parker, Andrew Stewart, and R. W. Murchie in all of which income was estimated in terms of improved acreage. Like any other measure available, it would have serious limitations if applied to the province as a whole, owing to the wide variations in the amount of improved land from municipality to municipality. Used within a census division or crop district, the areas for which were determined on the basis of comparative uniformity of production therein, it is in all probability as adequate for the purposes of this study as any other measure available.

The wide variation in the extent of improved land between census divisions and the closer relationship within a census division are shown in the census reports for the province.

According to the Census Report of 1926, improved lands formed 77.4 per cent of all occupied lands in Manitoba. The range between census divisions was large, varying from a mean of 14.7 per cent in Census Division No. 12, to a mean of 79.4 per cent in Census Division No. 2. The first represented an area of lands of low productive power; the second, one of the oldest settled and most prosperous areas of the province. Within Census Division No. 12 the range of improved lands varied from 7.7 per cent to 22.2 per cent of all occupied lands. The municipality of Chatfield, selected for the purposes of this study from Census Division No. 12, was near to the mean, with an improved acreage of 12 per cent of all occupied lands.

The studies of C. V. Parker and Andrew Stewart show that improved acreage could be considered a comparatively adequate measure for the distribution of farm income within the Swan River and Dauphin areas respectively. Improved, occupied, and unoccupied acreage was found in varying degrees in these two mixed farming areas. C. V. Parker found for 166 farms in the Swan River Valley, where 25 per cent of farm income in 1929 was derived from stock and dairy products in a year of normal farm conditions, that either occupied or improved acreage could be reliably used as a measure.[1] Andrew Stewart found for 228 farms in the Dauphin area, where 42 per cent of farm income was derived from stock and dairy products during the partial crop failure year of 1929, that "no significant difference could be seen in the cash income per acre of improved land when classified by size of farm."[2] In the Swan River and Dauphin areas improved acreage formed 42.76 and 53.64 per cent respectively of occupied acreage. Had 1929 been a normal crop year in the Dauphin area the percentage which income from stock and dairying formed of the total would have been considerably less than that reported. Only in the two poorer municipalities selected for this study, Ethelbert and Chatfield, was there a more marked relation between occupied acreage and income from stock and dairying. The Census Report for 1926 for the rural municipality of Chatfield gave the improved acreage as 10.92 per cent of occupied acreage, and income from grain as 45.83 per cent, and from live stock and dairying as 51.07 per cent of all farm income.

For areas in which the productivity indexes for municipalities showed significant variations in income from stock and dairy products, corrections were made in the estimates obtained on the basis of improved acreage. The method of estimating and making these corrections is shown in a later section of this chapter.

Although the findings were approximate, the greatest care was taken to ensure accuracy in calculation, and to obtain information from those in close touch with rural conditions. In several instances estimates were submitted to experts in local areas -- farmers, elevator managers, and bank managers. Their criticisms and suggestions were carefully noted and the data reëxamined.

Income from Grain Sales

Two estimates were made for the average annual value of the grain production in selected municipalities. The first was

---

[1] Parker, op. cit., p. 66.

[2] Stewart, op. cit., p. 322.

based upon the acreage for wheat, barley, oats, rye, and flax reported in the census for the year 1925. The second was based upon the acreage for the same grains reported in the census for the year 1926. The value of the total grain production obtained for each was averaged. To ascertain the value of income from grain sales the average annual value of grain used for feed and seed was estimated and deducted from the total estimated value of grain produced.

To arrive at the first estimate of grain production, the census acreage for the year 1925, showing the area sown to each grain in the various municipalities of the census district, was plotted in the crop districts selected for the purposes of this study. The per cent which the grain acreage sown to each crop within each municipality formed of the total acreage sown to each crop within the crop district was calculated. This per cent was applied to the crop district acreage for each grain for the years 1925 to 1929 inclusive. It was assumed that the acreage ratio of 1925 applied to the changing crop district acreage from year to year, would account approximately for any shift in grain production that might have occurred within a municipality. This may be illustrated by reference to the oat acreage for the municipality of Strathcona. According to the census of 1926 the oat acreage in 1925 amounted to six per cent of the total oat acreage for Crop District No. 2. This percentage applied to the total crop district acreage in oats for the years 1926, 1927, 1928, and 1929, as reported in the crop bulletins for the district, gave an acreage of 11,880, 11,400, 9,500, and 11,370 acres in oats for the respective years. The average yield for the crop district for each year, applied to the oat acreage for the municipality, gave the approximate total annual yield. This annual yield was in turn multiplied by the average price of each grain for the province for each year. The average annual value of oat production for the five-year period was then calculated. For Crop District No. 2 for the year 1926 the average yield for oats was 38 bushels per acre, and for the province the average price for oats during the same year was 43 cents per bushel. Accordingly, the oat yield for the municipality of Strathcona in 1926 amounted to 451,440 bushels, and the value to $194,119.20. The average annual value for the five-year period amounted to $148,518. Tables showing the estimated annual production and value of all grains for the municipalities selected are included in the Appendix to this study.

To obtain the second estimate of grain production, the census acreage for each grain harvested in each municipality for the year 1926 was taken as the average for all five years. With few exceptions the district crop acreage for 1926 was the

approximate median for the five-year period. This is shown in Table XXXII for the oat crop acreage in nine crop districts. The oat crop has been the most variable of all grain crops in Manitoba during recent years. The census acreage for each of the five grains harvested within a municipality was multiplied by the yield per acre reported each year for the crop district in which the municipality was located. This, multiplied by the price of each grain for the province, gave the annual value of each grain produced within the municipalities studied. The average annual value of all grains in each municipality was then calculated.

After the average annual value of the grain produced in each municipality had been obtained, the results were carefully checked and adjustments made where necessary. Corrections made are shown in Table XXXIII. It was assumed, by applying the census acreage over a period of years, that any shift in grain production which might occur would be accounted for. Although this is largely true, nevertheless, these estimates of grain production did not account for variations in the productivity of the land within a crop district. The census acreage for 1926, a large crop year, was introduced as a partial corrective and the results of the two estimates were averaged for three municipalities in which it was evident that this estimate would be approximately correct. The results obtained for the four municipalities of Strathcona, Thompson, Miniota, Chatfield, and Swan River were adopted after additional corrections had been made. R. W. Murchie's findings for the period 1921 to 1925 gave the grain index for the rural municipality of Strathcona as 76.7 per cent.[1] This was approximately ten per cent below the average for the crop district in which the municipality was located. Familiarity with the area confirms the writer in the belief that this condition would prevail throughout the period 1925-1929. Accordingly, the grain value obtained for the municipality of Strathcona was reduced by ten per cent. The rural municipality of Thompson had a grain index of 193.5 for the period 1921-1925, while the rural municipality of Roland had a grain index of 352.3 for the same period.[2] The index of grain production for the rural municipality of Roland represented the peak of grain productivity for the Red River crop district. That for the municipality of Thompson was approximately ten per cent below the average for the crop district. The grain value obtained for the period 1925-1929 was reduced accordingly. Advice received in the rural municipality of Miniota indicated that the average was the more nearly correct

---

[1] Murchie, op. cit., pp. 14-17.
[2] Ibid.

TABLE XXXII

AVERAGE OAT CROP ACREAGE IN NINE CROP DISTRICTS FOR THE FIVE-YEAR PERIOD 1925-1929 COMPARED WITH THAT HARVESTED IN 1926
(000 omitted)

Crop District	Crop Dist. No.	Crop Acreage in Oats Harvested for the Year					Average Acreage for Five Years
		1925	1926	1927	1928	1929	
Killarney	2	223	198*	180	175	185	192
Red River Valley.	3	370	303*	250	280	338	308
Virden	7	283	258	250*	203	210	241
Neepawa	9	144	128*	100	102	132	121
Russell	10	243	211	193*	178	160	197
Dauphin	11	120	102	90*	81	73	93
Mid-Lake	12	65	56	47	38	42	50
Swan River	13	41	35*	40	35	30	36
Ethelbert	14	14	11*	10	13	13	12

*Nearest to the median.

TABLE XXXIII

AVERAGE ANNUAL VALUE OF GRAIN PRODUCED IN NINE RURAL MUNICIPALITIES AND IN THE SWAN RIVER CROP DISTRICT FOR THE PERIOD 1925 TO 1929 INCLUSIVE
(000 omitted)

Municipality or Crop District	Average Annual Value of Grain		Correction (Per Cent of Average)	Average Annual Value of Grain Final Estimate
	First Estimate	Second Estimate		
Strathcona	$ 735	$ 642	-10	$ 578
Dufferin	1,427	1,592	-10	1,410
Thompson	965	978	-10	885
Miniota	1,243	1,056	Average	1,149
Dauphin	1,136	1,118	-	1,127
Chatfield	111	68	Second	68
Rossburn	700	581	-10	577
Ethelbert	267	222	-	245
Swan River Crop District	2,000	1,803	Second	1,900

and it was taken. The Census Report for 1925 indicated that the second estimate for the rural municipalities of Chatfield and Swan River were approximately correct. This was confirmed by interviews with local residents familiar with the situation in those municipalities. The several estimates for the value of grain production in eight rural municipalities and in the Swan River crop district are reported in Table XXXIII.

To obtain the average value of grain sold, it is necessary to deduct the value of grain used for seed and feed. The amount used for these purposes constitutes a very considerable part of the total grain produced, and varies according to the nature of agricultural pursuits in different areas. Where grain growing is the major farm activity the value of seed will be high. Where stock raising and dairying are the major activities the amount of grain used for feed may represent almost the total grain production.

The number of live stock for each municipality was determined on the basis of improved land. The percentage which the improved acreage in a municipality formed of the improved acreage in a crop district was applied to the total number of live stock reported for the crop district in the year 1927. As this was the middle year of the period 1925 to 1929, the number of stock reported for that year would be representative of the period. Any alteration in the number of live stock within an area has come about gradually, so that the foregoing assumption would be well founded. The average amount of grain consumed per animal in one year was obtained from the Animal Husbandry Department of the Manitoba Agricultural College. The average price for each grain, for the province, for the five-year period was found and applied to the total number of bushels of each grain fed to stock during the year 1927.

Value of grain used for seed.- To obtain the average value of grain used for seed, the crop acreage for the 1926 census report was used. It has been shown already that the crop acreage for the year 1926 was approximately the average for the five-year period. The 1926 acreage for each grain multiplied by the amount sown per acre and by the average price of each grain for the province, for the five-year period, gave the total estimated value of grain used for seed. The total value of grain estimated for feed and seed was deducted from the average annual value of grain produced. The difference obtained represented the average cash income from grain sales for this period. The findings for each municipality are reported in Table XXXIV.

A comparison of the total cash income from grain, thus estimated, was made with data collected by the Canadian Pioneer Problems Committee during 1929. C. V. Parker found that the

TABLE XXXIV

AVERAGE ANNUAL NET CASH INCOME FROM FARMING ACTIVITIES FOR THE PERIOD 1925 TO 1929 INCLUSIVE
(000 omitted)

Municipality or Crop District	Value of		Cash Income from				Total Cash Income	Cash Operating Expenses	Current Income Taxes Not Deducted
	Total Grain Production	Deduction for Seed and Feed	Grain Sales	Dairy Sales	Stock Sales	Miscellaneous Sources			
Strathcona	$ 578	$180	$ 398	$ 27	$ 52	$ 57	$ 534	$165	$ 369
Dufferin	1,510	425	985	100	126	132	1,343	378	965
Thompson	875	240	635	25	54	77	791	232	559
Miniota	1,149	335	814	38	60	78	990	312	678
Dauphin	1,127	435	692	122	120	235	1,169	342	827
Chatfield	68	55	13	22	20	43	98	...	...
Rossburn	577	194	383	27	53	65	528	172	356
Ethelbert	245	135	110	23	30	55	218	...	...
Swan River Crop District	1,900	600	1,300	100	180	342	1,922	631	1,291

average cash income from grain for 173 farms in the Swan River district amounted to $908.76. This amount applied to 1,425 farms, the total for 1926, would give cash income from grain (feed and seed deducted) of $1,293,900.[1] The average annual income from grain in the same district for the period 1925-1929, as reported in Table XXXIV, amounted to $1,300,000. Andrew Stewart found that the average cash income from grain for 190 farms in the Dauphin area for 1929 amounted to $588.78.[2] This average, applied to 1,021 farms, the total for 1926, for Dauphin municipality, would give an aggregate cash income from grain of $564,603. The average for the five-year period, estimated in the present study, amounted to $692,000. The crop in the Swan River district in 1929 was a normal crop for that area, while the crop in Dauphin was a partial failure. The difference in the two estimates for the Dauphin rural municipality are thus accounted for. The grain incomes for 1929, and the averages for the period 1925-1929, in either area, crop conditions considered, were sufficiently close to warrant accepting the findings for the municipalities located in the mixed farming districts of northern Manitoba. This being the case, the estimates for areas in which grain farming was the major source of farm income would be equally acceptable. This would be true because conditions in the areas, where grain growing has always been the major source of income, remained relatively stable, and income from field crops could be determined more accurately from year to year than in those areas in which mixed farming predominated.

Income from the Sale of Dairy Products

An estimate of the average annual income from the sale of dairy products for selected rural municipalities during the period 1925 to 1929 inclusive, was derived from information contained in the Census Report for 1926 and the annual crop reports of the Provincial Department of Agriculture. The census report contained an estimate of the total value of dairy products for the year 1925. The crop reports contained yearly estimates for the aggregate value of dairy products for the province over a period of years.

It was assumed that approximately one-half of the total milk production in areas remote from large markets was consumed on the farm. A survey of 166 representative farms in the Swan River Valley in 1929, conducted by the Canadian Pioneer Problems Committee and reported by C. V. Parker, showed that only 46 per

---

[1] Parker, op. cit., p. 150.

[2] Stewart, op. cit., p. 343.

cent of the value of all milk products in that area was marketed.[1] In a limited number of the municipalities of Manitoba, in which dairying was of relatively greater importance than in the Swan River Valley, a larger per cent of milk products obviously would be sold. The opposite would be true of areas in which grain growing was of relatively greater importance. Accordingly, the estimate for income from the sale of milk products was based upon 50 per cent of the valuation of milk production as reported for census districts for the year 1925. Five per cent was added to the income thus calculated for several of the municipalities. This represented the average annual increase in dairy production for the province during the period 1925-1929. It was not added for municipalities in which there was no significant increase in the number of cattle as indicated by the bulletins of the Department of Agriculture. Any error through adding the value of the general provincial increase in dairy production to that for the several municipalities would not be great, as dairying has increased generally throughout the province during recent years.

A comparison of the results obtained for the period 1925-1929 with those of R. W. Murchie's study for the period 1921-1925 would indicate that the methods of the present study are substantially accurate. R. W. Murchie's findings were based upon the value of all dairy products received at creameries throughout the province and on receipts of whole milk by the larger Winnipeg firms for the months of February and June of each year. Sales on the local town market were not included. His findings were reported for the rural municipality of Roland. The average annual dairy sales during the period 1921-1925 amounted to $30,400, while for the present study the estimate was $42,750. According to the agricultural bulletins, dairy production for the province in 1929 had increased by one-sixth over that of 1922. This increase, plus the inclusion of sales on the local market, would account for the difference in the two estimates.

The data upon which the estimate of $42,750 was based are as follows:

Improved acreage within Census Division No.2	1,009,000 acres
Improved acreage in Roland municipality ...	107,000 "
Census for 1926, value of dairy products for Division No. 2	$ 768,209
Reduction of 50 per cent for home consumption	$ 384,104
Average increase, 1927-1929	5 per cent of income
Index of productivity, 1922-1925	92.5

[1] Parker, op. cit., p. 97.

The index of productivity for Roland municipality being close to the median for the municipalities concerned, the estimate made on the basis of improved land and average income, 1925-1929, was taken. The index for the municipality of Thompson was quite low and estimated income from dairying on the basis of improved land was reduced by ten per cent. A reduction of ten per cent was made for the municipalities of Strathcona and Miniota. The index for Chatfield, being very much below that for the municipalities of Siglunes, Caldwell, Bifrost, and to some extent below several other municipalities within Census Division No. 12, was reduced by one-third. The index for Dauphin, being considerably above that of other municipalities within Census Division No. 13, was increased by 20 per cent.

The findings for eight rural municipalities and one crop district are recorded in Table XXXIV.

Income from Live Stock Sales

The 1926 Census Report contains the total estimated value of stock sales for each census division for the year 1925. The crop bulletins of the Provincial Department of Agriculture show that the average annual increase in the value of live stock produced in Manitoba during the period 1925-1929 amounted to approximately 20 per cent of the value in 1924. The yearly prices upon which the crop bulletin estimates were based were the average prices for all grades of cattle, hogs, and sheep sold on the Winnipeg stock market. For the purposes of this study the value of stock sales for each municipality was calculated, from the total value of sales for each census division during 1925, on the basis of the ratio which the improved acreage within a municipality bore to that of the census division in which the municipality was located. To this was added, for municipalities showing a significant increase in the number of live stock, the average provincial increase of 20 per cent. Where productivity indexes showed a considerable variation from municipality to municipality within a census division, corrections were estimated and added to or deducted from the table for a municipality in a manner similar to that used for estimating income for dairy production. The estimated average annual receipts from stock sales during the period 1925-1929 are recorded in Table XXXIV.

Miscellaneous Farm Income

Miscellaneous farm income includes for the purposes of this study the following factors: garden products, outside labor,

threshing, custom field work, feed grinding, sawing, use of pasture, and miscellaneous occupations. Farm rents are generally included in crop shares and accordingly appear in the total receipts for grain sales. For wooded areas there are added receipts from the sale of wood, pulp, fence posts, etc. In grain districts miscellaneous income is stable and information concerning it can be obtained. Except by survey methods, it is difficult to obtain an accurate estimate of the annual income from "working out." For this reason it is difficult to estimate the amount of miscellaneous income for the poorer municipalities of Ethelbert and Chatfield.

Except for forest products, statistical information was not available in the census reports for miscellaneous income. The data collected by the Canadian Pioneer Problems Committee, and compiled by C. V. Parker,[1] and Andrew Stewart,[2] affords a basis for estimating miscellaneous income in the grain and better mixed farming districts. Their findings show that income from these sources (for the year 1929), amounted on the average to the following: In the Swan River area to $240 per farm; in the Dauphin area to $230 per farm; and for the year 1930 in the Red River area to $200 per farm, and in secondary areas to $100 per farm. The averages for Swan River and Dauphin were applied to the two areas selected therefrom. The average for the Red River Valley district was applied to the municipalities of Thompson, Dufferin, Strathcona, and Miniota. The average for secondary areas, calculated for a number of farms included in the Dauphin survey, was applied to the municipalities of Rossburn, Ethelbert, and Chatfield. As the latter average was based upon a small sampling, opportunity for error arises. However, it was taken to represent the outside figure and any error which might occur for the three municipalities having large areas of low productive lands would give a higher amount than the actual income. The same practice was followed when preparing estimates for all secondary areas. If any doubt arose, the outside limit for income was allocated to these areas. Complete data concerning farm income is recorded in Table XXXIV.

Net Cash Income from Farm Operations

To obtain the net cash income, cash operating expenses were deducted from the cash receipts. The data collected by the Canadian Pioneer Problems Committee, and compiled by C. V. Parker,[3]

---

[1] Ibid., p. 150.
[2] Stewart, op. cit., p. 343.
[3] Parker, op. cit., p. 142.

and Andrew Stewart[1] contained detailed estimates pertaining to cash operating expenses for the years 1929 and 1930. That for 1929 was obtained in the Dauphin and Swan River areas; that for 1930 in the area lying to the west of the Red River and in the Shoal Lake area.

There would be little variation between these estimates for farm operating expenses and those which prevailed during the period 1925-1929. Farm wages in Manitoba for the years 1925-1929 were as follows: $38 per summer month for men and $21 per summer month for women. During 1930 farm wages were $32 and $18 per summer month for men and women respectively.[2] Any error due to a difference in labor expenses would not be significant. Neither would the opportunity for error be large through applying these operating expenses to the rural municipalities selected for this study.

Cash expenses computed by C. V. Parker for the Swan River area were applied to the Swan River crop district. Cash operating expenses computed by Andrew Stewart for the Dauphin area were applied to the rural municipality of Dauphin. Cash expenses computed for the Red River Valley were applied to the rural municipalities of Thompson, Dufferin, and Miniota. There was sufficient similarity in the nature and methods of farming in these municipalities to warrant applying farm operating expenses for the Red River area over all three. Expenses computed for the Shoal Lake area were applied to the rural municipality of Rossburn. Expenses computed for the Dauphin area were applied to the rural municipality of Strathcona. Although the municipalities of Dauphin and Strathcona are far removed from one another, there was a considerable degree of similarity in the extent of marginal and sub-marginal land, in agricultural pursuits and in the extent to which tractor and horsepower were used for farm work. In addition, improved acreage amounted to 43.71 per cent of occupied acreage in Strathcona and to 53.64 per cent in Dauphin.

Before applying cash operating expenses, as estimated by the reports based on the data of the Canadian Pioneer Problems Committee, deductions were made therefrom for seed and feed purchased. This had been accounted for already in estimating income from grain. Owing to the variation in the size of farms in the different areas, cash operating expenses were reduced to the basis of occupied acreage. As previously shown, little variation existed through using either occupied or improved acreage as measures of income. Obviously, this finding would apply equally to farm

---

[1] Stewart, op. cit., p. 308.

[2] Canada Year Book, 1931, p. 250.

operating expenses. Cash operating expenses per acre of occupied land, not including taxes, were as follows: Swan River Census Division $1.76, the Dauphin area $1.57, the Red River area $1.93, and the Shoal Lake area $1.70.

Cash operating expenses as used in this chapter did not include capital expenditures for new equipment, buildings, live stock, cash rent, payments on the interest or principal of mortgages or agreements of sale, or taxes. It included only those farm expenditures which could be considered as entering into production costs for the current year. Cash operating expenses thus calculated for each rural municipality studied were recorded in Table XXXIV. The result obtained by deducting the value of grain used for seed and feed and cash operating expenses from farm income represented the annual net cash income from farming operations. It did not represent current income as formerly defined for the purposes of this study.

Income from Rent, Interest, and Dividends

It was stated in Chapter VII that imputed rent on owned homes would not be included in this study. Resident farmers work their own land almost entirely and receive little income from rent. The writer included such amounts as were received under miscellaneous income. Rents paid to absentee owners frequently form a part of the income of residents in the neighboring village or town, or of mortgage companies, but add little to the rural income out of which the costs of public schools are paid.

Income from Interest and Dividends

Income from interest and dividends on bonds and stocks formed a relatively small part of farm income in Manitoba during the period 1925-1929. At the close of the War farmers owned a considerable amount of Dominion of Canada bonds. During periods of depressions or at times when it has been difficult to secure credit, bond and stock ownership shifts to individuals of large income. The economic depression of 1921, the losses sustained through investing in speculative stocks, and the using up of reserves to meet farm mortgages and other overhead expenses, due to excessive land and equipment purchases made during the period of the War, absorbed the bond and stock holdings of farmers. Accordingly, income from this source would be very small. Owing to the difficulty of securing a basis upon which to estimate income from this source, it was ignored entirely. Its omission would not alter the total of farm income to any significant extent.

What has been said of farm income from dividends was equally true of farm income from interest on deposit accounts during the period 1925-1929. Savings accounts have been more closely associated with the location of moderate salaries and wages than with farm land investments. The latter have continued to absorb the farmer's reserve during recent years. So true is this that the Pioneer Problem's Committee took no account whatever of farm income from interest on savings deposits. Accordingly, no attempt was made to estimate the amount of farm income derived from this source.

Town and Village Income in Rural Areas

As formerly stated, the school population and the expenditures for town and village schools, with the exception of the town of Dauphin, were included with those for the rural municipality in which they were situated. It has been stated, also, that the income upon which these small urban centres depended was derived very largely from that of the farming community about them. The income in such a centre may be considered as a charge upon farm income in that it represents the price a farming community pays for having convenient local trading facilities.

Nevertheless, although the inclusion of the income of these centres, to some extent at least, constituted a duplication of local ability, yet it stood apart from that of the neighboring farm community and formed an addition to the net current income of the rural area. Accordingly, current income for small urban centres was estimated and added to that of the municipality in which the town or village was situated.

To arrive at an estimate of current income in villages and towns a salary survey was made of the town of Roblin. This centre, situated in northwestern Manitoba, had a population of 600 in 1927, and served a rural area similar to that surrounding small urban centres throughout the province. By assigning a salary or wage to each individual in such centres it was possible to account for income from merchandising and other business enterprises. The per capita ratio of income obtained by this method for the town of Roblin was applied to all centres of similar size. The ratio of per capita income from interest and dividends arrived at from a survey of the town of Dauphin was applied to these centres and added to the income already calculated for each.

As the majority of residents in villages and towns owned their homes, the income from cash rents being small was included with that for salaries and wages. The estimates for village and town income were added to those for the rural municipalities in which these centres were located and the totals for each

municipality compiled in Table XXXV. Although rough estimates of net current income, these totals afforded a basis for comparison of the ability of rural municipalities to support public schools.

TABLE XXXV

AVERAGE ANNUAL CURRENT INCOME FROM FARMING AND TOWN AND VILLAGE INCOME FOR EIGHT RURAL MUNICIPALITIES AND ONE CROP DISTRICT, 1925-1929
(000 omitted)

Municipality or Crop District	Farm Income Less Consumption for Seed and Feed	Town and Village Income	Total Farm and Village Income	Farm Income, Cash Operating Expenses Deducted	Current Town and Village Income	Total for Current Income
Strathcona..	$ 534	$ 68	$ 602	$ 369	$ 68	$ 437
Dufferin....	1,343	340	1,683	965	340	1,305
Thompson....	791	91	882	559	91	650
Miniota.....	990	114	1,104	678	114	792
Dauphin.....	1,169	23	1,192	827	45	882
Chatfield...	98	23	121	...	23	...
Rossburn....	528	45	573	356	45	401
Ethelbert...	218	34	252	...	34	...
Swan River Crop District.....	1,922	409	2,331	1,291	409	1,700

Farm Income from the Consumption of Farm Products and Additional Farm Costs Compared

Hay for stock food, meat, vegetables, and fuel produced on the farm for home consumption were not included in farm income. On the other hand, neither were board for labor, the price of family labor, crop share payments, interest on mortgages and machinery, depreciation on buildings and machinery included in farm costs. Although information concerning the above items of income and costs were not complete, sufficient was available to indicate the relative weight of either.

C. V. Parker found that 166 farms in the Swan River Valley used on the average, during 1929, farm products to the value of $100 for milk and cream, $62 for butter, and $48 for eggs. The

census report for 1926 showed that the live stock and poultry slaughtered for farm consumption during 1925 amounted to approximately $50 per farm. Add to this possibly $30 for vegetables and $40 for fuel, making a total of approximately $330.[1]

On the other hand, Parker found that the board of paid labor amounted on the average to $67.96 for 197 farms; cash ren $5.37; interest on mortgages, farm machinery, etc. $131.86; a total of $205.19. If the cost of family labor and depreciation to care for outlay on buildings and machinery were included, the income derived from the use of farm products in the home would be more than equalled. Parker summarized income and expenses on the basis of acres of improved land as follows:

> "The cash expense per acre of improved land for all farms (197) was found to be $4.94 and the total operating expense was $8.00. When the capital expenditure of $3.02 was added, the total farm expenditure became $11.02 per improved acre. The income per improved acre was found to be $10.32. Equipment sales were not counted as a receipt and as purchases of same have been counted in the total farm expenditure, they should be added to the income figure. An average amount of 33 cents per improved acre was received from this source, which, when added to the receipts per improved acre, gave a total of $10.65.
>
> "When the cost of family living is added to the total farm expense one can plainly see that the farmer's returns on the average can only be figured in minus quantities."[2]

It is obvious that about all the average farmer has for his labor, even during normal times, is a living for himself and family. It takes a lifetime to acquire the farmer's equity in his home. Were it not for what may be considered free house rent, and the value of foodstuffs and fuel produced and consumed on the farm, the standard of living in rural communities would have to be reduced very materially if there would be any income out of which to pay taxes. In any case, those items of farm costs which have not been included in this study would equal farm income from food and fuel produced on the farm and used in farm homes.

---

[1] Parker, op. cit., pp. 96 and 142.
[2] Ibid., p. 144.

CHAPTER IX

INCOME IN THE URBAN CENTRES OF MANITOBA

Sources and Methods of Collecting Data

A study was made of current income in each of the four urban centres: the city of Winnipeg, the suburban municipality of St. James, the town of Transcona, and the town of Dauphin. In general, data were secured from census reports, through personal interview, by the examination of statistical reports, the books of realty firms, and from statistical data provided by business firms on specially prepared forms. Data were secured through the Chairman of the Manitoba Tax Commission, the Tax Commissioner for the city of Winnipeg, the Provincial Income Tax Office, and the secretary treasurers for the urban centres studied. Indexes of prices, published annually in the Canada Year Book were used for checking purposes and to some extent for estimating totals. To a very large extent, indexes of prices and population increases were utilized to estimate the average annual income for the city of Winnipeg earned over the period 1925-1929. Sources examined, methods used in collecting data, and the methods of treating data are given in the sections dealing with the various classes of income studied in the several centres. The particular sources of data secured through confidential interview are not recorded.

The writer fully realized the possibility of error which might arise through using the method of interview, and such a variety of unorganized source materials. Where the product of a system of accounting was available, it was obtained. Where information had to be secured by means of personal interview, it was sought from individuals conversant with the local situation. All data were carefully checked, much of it submitted to experts for critical review, and every effort made to insure accuracy. Minor classifications of income were made to conform to those of the Census Reports.

Income from Salaries and Wages in the City of Winnipeg

According to the census of 1921, the salaries and wages earned during that year by 61,929 individuals resident in the city of Winnipeg amounted to $75,385,176. To arrive at the

average annual earnings from salaries and wages during the period 1925 to 1929 inclusive, population increases, unemployment conditions, and the variation in wage rates were given due consideration.

The population of the city of Winnipeg increased from 179,098 in 1921 to 191,998 in 1926, and to 217,587 in 1931. The net increase from 1921 to 1931 amounted to 38,498, the more rapid increase in population occurring during the period 1926-1931. The ratio of young people withdrawing from wage-earning occupations and remaining in school increased. There were 3,020 enrolled in the secondary schools of Winnipeg in 1921, and 5,625 in 1929. In addition, the elementary school has shown a tendency to retain the older pupils for a longer period. Unemployment did not affect wage-earning possibilities abnormally during the period 1925-1929. An unpublished report[1] of the Provincial Bureau of Labor shows that more unemployment relief was paid by the province during the winter of 1921-22 than in any succeeding year up to 1930.

The average index of wages for nine important occupations varied as follows: In 1921 the index was 191.2; in 1925 it had reduced to 179.7; and in 1929 it had increased to 192.7. From 1925 to 1929 there was a general upward trend for wages in industries giving employment to large numbers in the city of Winnipeg. The average index of wages for nine occupations in Canada during the period 1925-1929 was 184.96. The wage indexes herein reported do not account for alterations which may have occurred during the period in the earnings of salaried employees.

Applying the index ratios of wages in 1921 and 1925 together with the population ratios for these years to the total of salaries and wages earned during 1921, gives a salary and wage bill for the year 1925 of approximately $75,100,000. Applying the same method of estimating wages for the years 1921 and 1929 gives approximately $92,100,000 in salaries and wages earned during the year 1929. The average for the years 1925 to 1929 would approximate $83,600,000.

Because of the fact formerly indicated, that steady improvement had taken place in wage conditions throughout Canada during the period 1925-1929, the foregoing estimate can only be taken as a rough indication of the average annual income from salaries and wages earned in the city of Winnipeg during that period. Other facts obtained appeared to indicate that this estimate was low and, accordingly, a second estimate was made. Salaries and wages were estimated for five major occupations

---

[1] Fifteenth Annual Report of the Bureau of Labour and Fire Prevention Branch, Department of Public Works, Province of Manitoba. Winnipeg, 1930. Pp. 31.

and for one miscellaneous group.

Manufacturing.- According to statistics compiled in the Canada Year Books,[1] the amount of salaries and wages earned by employees engaged in the manufacturing industry and resident in the city of Winnipeg increased from $14,782,426 in 1921 to $25,216,832 in 1921. The census estimate for 1921 amounted to $11,508,584.[2] By adjusting the larger estimates to the basis of the census estimate the average annual payment in salaries and wages in manufacturing for the period 1925-1929 would be approximately $17,437,370.

Merchandising.- During 1921 the salaries and wages earned in the merchandising trade in the city of Winnipeg amounted to $13,751,135. Advance sheets for the 1931 census showed that for 1931 this had increased to $16,392,900.[3] Apart from these statements there was no information available to assist in determining what the average annual earnings might have been for the years 1925 to 1929. The wage index for nine occupations during 1931 was 192.8 compared with the average of 184.9 for the period 1925-1929. Applying the ratios of these indexes and the population ratios to the amount earned in the merchandising trade during 1931 gives an average annual wage and salary bill for the period 1925-1929 of approximately $14,270,000.

Steam railways.- During 1921 the 5,481 residents of the city of Winnipeg employed by steam railways earned $7,989,439. During the period 1925-1929 the average of all salaries and wages per annum paid to steam railway employees in Canada increased by 7.5 per cent. Applying this increase to that earned for the year 1921 in the city of Winnipeg gives an average salary and wage bill for the period of $8,588,689.

Building trades.- During 1921 the 4,141 persons engaged in the building trades earned $4,628,633. The indexes of wages in the building trades were 170.5 in 1921 and 197.5 in 1929. The average index of wages for the period 1925-1929 was 182.5. The ratio of the average index of wages for the period 1925-1929 to that for 1921, combined with the ratios in population, applied to the earnings for 1921, gave an average income for the period 1925-1929 of $5,450,000.

Service groups.- During 1921, 14,331 employees in the various service groups earned $14,507,627. There are no index

---

[1] Canada Year Book, 1932, p. 369.

[2] Census Report, 1921, pp. 426-40.

[3] "Preliminary Report," Census of Retail Merchandising Establishments in Winnipeg, Manitoba. Ottawa, Canada: Dominion Bureau of Statistics, 1930. Pp. 31.

numbers to show the trend in wages for this group. A reduction in the rate of professional wages occurred during the period 1922-1925. A gradual increase followed until the salary rate in 1929 approximated that of 1921. Changes in salary rates appear to have followed those paid in other occupations during the period 1921-1929. Accordingly, the first method of estimating wages for all occupations combined was employed for this group. On this basis, the average annual earnings for the group during 1925 to 1929 amounted approximately to $15,300,000.

Miscellaneous group.- The earnings of 19,386 persons employed in miscellaneous occupations during 1921 amounted to $23,000,000. As there were no index numbers to show the trend in wages for miscellaneous groups, the method employed for service groups was followed. On that basis, the approximate average yearly earnings of those engaged in miscellaneous occupations for the period 1925-1929 amounted approximately to $24,500,000.

The average annual salary and wage earnings for all six groups during the period 1925-1929, as reported in Table XXXVI, amounted to $85,546,000. As this total was arrived at through estimating earnings for the various occupation groups, using in four cases more recent statistical information than that available

TABLE XXXVI

AVERAGE ANNUAL INCOME FROM SALARIES AND WAGES FOR THE CITY OF WINNIPEG DURING THE PERIOD 1925-1929, COMPARED WITH THAT IN 1921
(000 omitted)

Occupational Groups	Number of Employees 1921	Salaries and Wages	
		Census Report 1921	Estimated Average Annual 1925-1929
Manufacturing	$ 9,526	$11,508	$17,437
Merchandising	9,069	13,751	14,270
Steam railways ...	5,481	7,989	8,589
Building trade ...	4,141	4,628	5,450
Service groups*...	14,231	14,507	15,300
Miscellaneous	19,386	23,000	24,500
Total	$61,829	$75,385	$85,546

*Including professional.

to obtain the first estimate, the results should be a closer approximation of earnings than those obtained by the first method. Accordingly, they were used for the purposes of this study.

The difference in the two totals amounts to only 2.3 per cent of the first estimate. This would indicate that the probable error in the totals obtained by either method is not large. That this is the case may be still further demonstrated by using per capita earnings. The average per capita earnings in the city of Winnipeg for 1921 amounted to approximately $421. Applying this to the total population of 1931, all else being equal, would give a total of $91,593,374 for salaries and wages earned during that year. The average index of wages for nine important occupations in 1921 was 191.2, while in 1931 it was 192.8. With a steadily increasing wage index for Canada during the period 1925-1929, and a steadily increasing population for the city of Winnipeg, it is evident that the total estimate of salary and wage earnings accepted for the period would not be greatly in error.

Business Profits from Merchandising in the City of Winnipeg

Previous to the publication of the advance sheets for the 1921 census, statistical data concerning profits from merchandising were exceedingly limited. Income tax returns received from merchants related to the incomes of individuals only; companies were not required to report. Incomes from retail merchandising companies were not brought under the Companies Act until 1930. The recency of this Act, coupled with its operation at a point of extreme depression, rendered the information from that source inadequate for the purposes of this study. The term "merchant" as applied to income taxation in Manitoba had a broad application and was not limited to the retail merchant business. It included merchants in the grain exchange and others in no way associated with the retail business. Hence, the statistical data contained in Provincial Income Tax Reports, because of its confusion of sources, could not be used to estimate profits from retail merchandising.

Statistical information showing the total net sales made by 2,456 retail merchandising establishments located in the city of Winnipeg was compiled in a preliminary census report for the year 1930. The retail business of the city for that year amounted to $140,417,516. From this total should be deducted the net sales of many small business establishments not having profits after payment of salaries and wages. Salaries and wages are estimated for all individuals in the census returns. Moreover, exemptions

in the Income Tax Act aim to make taxation contingent upon profits in excess of a living wage. Only 900 merchants of all classes and 30 manufacturers made income tax returns for Manitoba during 1930, and only 500 merchants and manufacturers during 1931. The comparatively small number of merchants throughout the province making income tax returns would indicate that for many, profits from merchandising were not in excess of a living wage. Consequently, if the retail merchants assessed for income tax could be identified, the volume of profits not already charged to salaries and wages could be determined.

According to the census report there were 349 stores in the city of Winnipeg during 1930 belonging to groups having an average net sale of $50,000 and over. It may reasonably be assumed that profits in excess of salary and wage allowances would be closely associated with these groups. The number includes departmental stores, government liquor stores, farm implement warehouses, lumber and building supply firms, retail motor vehicle places, etc. These groups would not include all retail stores which operated at a profit, but they would include the groups which, in general, had a large turnover in business. The total net sales for the 349 stores in the twelve groups chosen amounted to $91,521,900 for 1930.

The index number of Canadian retail prices did not vary more than 0.9 per cent during the period 1925-1930. It may be assumed with reason, therefore, that the net sales for 1930 would not be greatly in excess of the average for the period 1925-1929. There was no information available for the city of Winnipeg to indicate a rate of net profit which could be generally applied to the gross retail sales. However, the Census of Trading Establishments,[1] published by the Dominion Bureau of Statistics for 1924, showed that retail sales for the whole of Canada amounted to 180 per cent of the total capital invested. This ratio of capital to retail sales, applied to the sales of 349 of the larger retail enterprises in the city of Winnipeg, gave a capital investment of approximately $51,000,000. Assuming, without supporting evidence other than the tendency of business men, during normal economic periods to seek profits above the level of interest on savings accounts or on government bonds, that the rate of profit on capital invested would be not less than five per cent, the income would amount to $2,500,000. That estimate is accepted for the purposes of this study.

The wholesale trade for Manitoba is located very largely in the city of Winnipeg; indeed, it would be safe to assume that

---

[1]Census of Trading Establishments, pp. 14-15. Ottawa: Dominion Bureau of Statistics, 1928.

90 per cent of it is so situated. The Dominion Government Bulletin on Wholesale Trade in Canada, 1930,[1] estimated net sales at $78,211,200. Census of Trading Establishments for 1924[2] placed sales from this business at 215 per cent of the capital involved. On that basis the capital invested in the wholesale business in the city of Winnipeg amounts to $32,739,570. Assuming the rate of net profit to be five per cent, the income amounts to approximately $1,637,000.

Income from Manufacturing in the City of Winnipeg

Statistical information concerning manufacturing, compiled by the Industrial Development Board of Manitoba for 1930, is accepted by and published in the Report of the Dominion Census of Industry for 1931. This information made it possible to estimate with considerable accuracy the capital involved and the annual value of goods manufactured over a period of years. Approximately 85 per cent of the capital employed in manufacturing in greater Winnipeg in 1930 was invested in the city of Winnipeg. During the same year approximately 80 per cent of the gross value of goods manufactured in greater Winnipeg was produced within the city.

Complete statistics concerning manufacturing in the city of Winnipeg are compiled in the Canada Year Book for the period 1922-1929. As these approximate closely the statistics compiled by the Manitoba Industrial Bureau, they are accepted for the purposes of estimating profits from manufacturing. The average annual amount of capital invested during the period 1925-1929 amounted to $107,200,000 and the average gross value of products to $96,600,000. There was paid in salaries and wages the sum of $21,800,000, and in the cost of materials the sum of $41,600,000. Allowing $2,000,000 for depreciation on plant and machinery, and $7,000,000 for interest on capital invested, there would remain the sum of $24,000,000. In addition, there would have to be deducted costs pertaining to sales, transportation, credit, business losses, and other items. Assuming, as in the case of retail and wholesale merchandising, and for the same reason that net profits amounted to five per cent of the capital invested, the net income would approximate $5,360,000. Considering that the sum of $24,000,000 remained after the deduction of known costs, the

---

[1] Wholesale Trade in Canada, p. 3. Ottawa: Dominion Bureau of Statistics, 1933.

[2] Census of Trading Establishments, pp. 16-17. Ottawa: Dominion Bureau of Statistics, 1928.

foregoing estimate for net income would appear to be conservative. W. I. King arrived at the following conclusion concerning net profits from manufacturing for the whole of the United States for the year 1918:

> "If we divide by 0.847, we arrive at a figure of about $3,366,000,000, as representing the share going in 1918 to both private and corporate enterprises and to holders of funded debt. The gross output of the factories, in this year, has been estimated at $61,040,000,000. If this figure is correct, the ratio of the share of classes mentioned to the gross value of output is about 0.0551."[1]

This could be taken as reliable evidence in support of the rate of five per cent on capital invested in manufacturing in the city of Winnipeg. Although a rough estimate, it was used for the purposes of this study.

Income from Real Property in the City of Winnipeg

The assessed value of all taxable real property in the city of Winnipeg amounted to $241,814,842 in 1925 and to $237,407,160 in 1930. There has been a reduction in the assessment of different classes of property since 1922, as shown in Table XXXVII. The property classification on the basis of assessment in 1922 was prepared for the Report of the Legislative Committee.[2] The classification on the basis of assessment in

TABLE XXXVII

PROPERTY CLASSIFICATION IN THE CITY OF WINNIPEG BASED ON THE ASSESSMENTS OF 1922 AND 1931

Class of Property	Per Cent of the Assessment of All Real Property for the Year		Assessment of Real Property for 1931
	1922	1931	
Industrial and Commercial...	48.06	45.8	$108,733,470
Residential....	37.67	45.8	108,733,470
Unimproved.....	14.37	8.4	19,942,200

[1] Income in the United States, Its Amount and Distribution, 1909-1919, II, 93. New York: National Bureau of Economic Research, 1922.

[2] Third and Final Report of the Select Committee Appointed by the Legislature to Investigate Suburban Municipalities Adjoining Winnipeg, Appendix B, p. 4. Winnipeg: King's Printer, March 13, 1925.

1931, was but an estimate based upon the general trend in assessment since 1922. Although only approximate, that for 1931 was sufficiently accurate to serve the purposes of this study. In any case, there was no more accurate information available.

The index numbers for the cost of rents on residential property in Manitoba at intervals over a period of years were as follows:[1]

Year	Index Numbers of Residential Rents
1920	159.6
1923	181.2
1924-30	184.2
1931	176.6

As a very large per cent of the rented residential property of the province is located in the city of Winnipeg, the rental indexes quoted truly represent the trends in the price of rents in that city.

It was estimated in the 1921 Census Report that approximately 65 per cent of the residential property in the city of Winnipeg was rented property.[2] Residential property included houses, apartment blocks, terraces, etc. The same Census Report estimated the annual residential rent bill for 1921 at $9,264,324.[3] Using this total and estimating on the basis of index numbers and population increases, the average annual rentals on residential property during the period 1925 to 1929 inclusive, would approximate $11,896,000. Imputed rent on owned houses was not included in this estimate.

To arrive at the net current income from rent on residential and other types of city property, data concerning the valuation, assessment, gross income, depreciation, taxes, insurance, rental commissions, repairs, and other operating expenses were secured through the courtesy of several large realty firms. In several instances this information was compiled from the books of realty firms by the writer; in others it was compiled by the firm on specially prepared forms. In all, 18 residences selected from two typical areas, 15 apartment blocks, 12 business blocks, and six warehouses were studied, and information secured for the years 1925 to 1929 and for the year 1931. In addition, there was available similar information for 14 apartment blocks, from a former

---

[1] Canada Year Book, 1932, p. 693.

[2] Sixth Census of Canada, Vol. III, Population, p. 66. Ottawa: Bureau of Statistics, 1921.

[3] Ibid.

study made by the Winnipeg Tax Commission for the period 1923-1925.

Although the sampling of residential property was limited, yet it was representative in so far as it went and succeeded, not only in giving the writer an acquaintance with the actual property income and taxation thereon, but also provided him with a basis for estimating the net current income from different classes of property. After allowing for depreciation and all current cash expenditures, the net income on houses amounted to 36.55 per cent of the gross income, and on apartment blocks to 36.43 per cent of the gross income from rentals, during the period 1925-1929. The two rates of net income were so nearly the same that 36.5 per cent of the gross rentals was taken as the rate of net income on residential property. This, applied to the estimated gross rentals paid on all residential property, gave an average annual net income of $4,342,040. The net income before deducting tax was estimated at $5,710,080.

The sampling of business blocks was not sufficiently representative to arrive at a mean rate of net income for that class of property. The same was true of the sampling for warehouse and storage buildings. Income from the former has been derived from a great variety of properties. Income from the latter has been seriously affected during recent years by conditions other than those due to high taxation and economic depression. To secure a basis for estimating net income from industrial and business properties, it was necessary to adopt a method different from that used for residential property.

The assessment was taken as the basis of value. The consensus of opinion among realty men and among uninterested individuals familiar with the taxation of property in Winnipeg, appeared to be that commercial properties were assessed up to and frequently beyond their value. The many appeals against the assessment of such properties during 1932, and the decision of the Board of Valuation that assessments should be reduced by another million dollars, appeared to justify this contention. Although assessment is inadequate as an exact measure of value, it appeared to be sufficiently close to be acceptable as a basis upon which to estimate the net income from commercial properties.

Net income on the business blocks studied varied from a fraction of one per cent to thirteen per cent of the assessment. Gross rentals amounted to 12.26 per cent of the assessment for business blocks and to 11.6 per cent for warehouses. In the majority of cases studied, net rentals averaged approximately four per cent of the assessment. From a study of this rather inadequate sampling, and from interviews with those having a loan interest in such properties, it appeared that approximately four per cent of

the assessment would be a fair estimate of the net income on commercial properties. On this basis the net income from commercial properties would amount approximately to $4,500,000. The net income before deducting taxes was estimated at $6,600,000. The total estimated net income on all improved rented property in the city of Winnipeg amounted approximately to $12,310,030 per annum during the period 1925 to 1929 inclusive.

Income from Interest and Dividends in the City of Winnipeg

With the War came an increased tendency to invest in long-term securities. Canadian issues have been taken up more and more by Canadian people. This was true of the period 1917-1929, but since 1930, there has been a slightly greater tendency for Canadian securities to be absorbed in the United States. The amount deposited in savings accounts increased steadily up to the period of the depression beginning in 1931; in addition, increasing amounts have been transferred from savings accounts to pay insurance premiums. Hence, interest from savings accounts and long-term investments would form an important part of the income of Canadians during the period 1925-1929.

Statistics compiled in the Canada Year Book showed, for all Canada, the annual deposits in savings accounts and the total amount of provincial and municipal bonds sold in Canada and elsewhere. There was compiled also the amount of life insurance premiums paid annually by Canadians. It was necessary to set up a measure by which the value of savings and long-term securities held by individuals in the province of Manitoba could be estimated. The United States Bureau of Economic Research made use of income tax returns to establish an index for allocating income from interest and dividends to the various states. Maurice Leven supported this as a basis of measurement on the ground that:

> "It is safe to assume that people with low incomes do not invest very heavily in the securities of corporations. It is, presumably, the exception rather than the rule to find one whose income is below $2,000 deriving any considerable portion of it from dividends. If these premises are true, the recipients of practically all the dividends paid out to individuals are to be looked for in the higher income classes. . . . . It is, therefore, thought that the income tax data furnished a good index for the distribution of the income received by stockholders in the form of dividends."[1]

---

[1] M. Leven and W. I. King, Income in the Various States, Its Sources and Distribution, 1919, 1920 and 1921, p. 221. New York: National Bureau of Economic Research, 1925.

For the same reason income tax returns were used as the basis for the distribution by states of the income received from interest.

The dominion income tax returns appeared to provide the only measure available for the distribution by provinces of income from interest and dividends in Canada. For the province of Manitoba during the period 1927-1929, the total amount of income assessed under the Dominion Act amounted to 6.4 per cent of that for all Canada, and the income tax paid by individuals and corporations to 5.4 per cent of that for all Canada. The variation in these two percentages would indicate that, of the income assessed in Canada, Manitoba had a greater number of the smaller ones than was true of some other parts of the country. It follows that the volume of interest and dividend bearing investments in Manitoba would likewise be relatively smaller. If that were true, it would also follow that the ratio of income taxes paid would bear a closer relation to total income than would the amount of income assessed to the amount invested in bonds. Accordingly, 5.4 per cent was taken as the estimate of Manitoba's share of all Canadian investments in these securities.

The average annual savings on deposit in Canadian banks during the period 1925-1929 amounted to $1,395,128,463. Manitoba's share of this would be approximately $75,336,912, and the interest thereon at the usual bank rate of 2.9 per cent would be $2,184,764. In addition, the interest on insurance premiums would be approximately $334,915.

Dominion government bonds are held largely by Canadian people. The average annual holdings of these bonds by Canadians during the period 1927-1929 amounted to $1,878,000,000, and this sum represented approximately 80 per cent of the funded debt of the dominion.[1] Writing of the refunding of Canadian loans, the Dominion Bureau of Statistics reported as follows:

> "At the end of the fiscal year 1930-31 the net funded debt of Canada payable in London was $253,512,034; the debt payable in New York, $265,896,300; while the net funded debt payable in Canada amounted to no less than $1,800,264,602.
>
> "It is estimated that the amount of business capital employed in Canada is $17,500,000,000. This sum includes the bonded indebtedness of the Dominion, provincial and municipal governments, investments in railways, all manufacturing concerns, mines, and metal industries, public utilities, trading establishments, finance, insurance, land and mortgage. Of this sum it is estimated that 65 per cent, or $11,500,000,000 is owned in Canada."[2]

---

[1] Canada Year Book, 1932, p. 725.

[2] Ibid., p. 752.

It is evident, therefore, that Canadians derive a very considerable income from investments in government bonds and corporation stocks. In estimating income from these sources, only those bonds and stocks are considered the amounts for which are known. Hence, Dominion, provincial, municipal, railway, bank, loan and mortgage company bonds or stocks are included, while other industrial stocks are omitted.

Manitoba's share of Canadian Government Bonds sold in Canada during the period 1925-1929 would amount to approximately $101,412,000.

Sixty-five per cent of the total for all but Dominion Government Bond issues was taken as the share of other bonds and stocks held by Canadians. During 1931 Canadians bought 77.1 per cent of all municipal bonds, 73.7 per cent of all corporation stocks and bonds, and 54.2 per cent of the stocks sold by Canadian municipalities or business enterprises.[1] Omitting Dominion Government Bonds, at least 65 per cent of the better securities would approximate the amount of such securities held by Canadians. The average amount of provincial bonds held during the period 1925-1929 would be $758,598,000. The average amount of municipal bonds held during the same period would be approximately $1,041,311,000. The average amount of provincial and municipal bonds owned by Canadians for the period would be approximately $1,169,940,000, and Manitoba's share would amount, on the basis of 5.4 per cent, to approximately $63,176,000.

The average rate of interest on all government and municipal bonds during the period 1925-1929 was estimated on good authority to be approximately 4.75 per cent. Accordingly, the annual income from interest on government and municipal bonds would amount to $7,817,930. Add to this the interest on savings deposits and insurance, and the total for Manitoba would be $10,337,609.

In 1928 the capital liability of the Canadian Pacific, Canada's only large privately owned railway, amounted to $782,205,000, electric railway stocks and funded debt to $222,808,000, loan and trust company stocks to $67,595,000 -- in all, $1,201,000,000. The part of these stocks and bonds held in Canada would amount approximately to $781,122,000, and Manitoba's share to $42,180,000. Dividends paid on the foregoing stocks and bonds during the period 1925-1929 were at higher rates than the interest on government and municipal bonds. Seven banks paid from 13 to 16 per cent in 1928. The Canadian Pacific Railway paid

---

[1] The Canadian Annual Review, p. 549. Toronto: The Carswell Company, 1930-31.

ten per cent dividends previous to 1931. It is not unreasonable to assume that the foregoing bonds and stocks would pay an average annual dividend at the rate of ten per cent. Applying a ten per cent rate of dividend over all would give an annual income from dividends of $4,218,000.

According to the foregoing estimates the average annual income from interest and dividends in Manitoba for the period 1925-1929 would amount approximately to $14,555,609. The worth of this estimate may be judged by comparing it with that made by the United States National Bureau of Economic Research for the State of North Dakota for the years 1919, 1920, and 1921.[1] The National Bureau of Economic Research estimated the income from interest and dividends for North Dakota to be as follows:

Year	Income from Interest	Income from Dividends
1919	$8,294	$6,257
1920	8,948	4,721
1921	8,239	2,207

Income from interest and dividends during 1920 amounted to $13,669,000. The year 1920 marked the dividing line between the peak year 1919 and the year of depression 1921. Business conditions existing in 1920 would be comparable to those of 1930.

Until recent years agriculture has been the dominant industry in both North Dakota and Manitoba. In 1920 the population of the former was 646,872; in 1921 that of the latter 639,056. Farmers in North Dakota received 48.1 per cent of the total current income for the state in the year 1921, while in Manitoba the gross value of agricultural products formed 55.1 per cent of that for all production in the province during the year 1923. From this it is evident that urban income in both areas would be relatively equal during the period 1919-1920. Income tax returns have demonstrated that farmers do not belong to the large income class. Hence, Manitoba's one large and three small cities, during the period 1925-1929, would produce a volume of income from long-term investments which would possibly exceed in size that of the smaller cities of North Dakota, providing the people were equally interested in such investments. As the two areas border one another it is not unreasonable to assume that somewhat similar interests would prevail.

---

[1] Leven and King, op. cit., p. 223.

In 1931 the population of metropolitan Winnipeg had increased by 21.2 per cent over that of 1921 and manufacturing had regained the position held during 1919. Moreover, the tendency to invest in Canadian securities had increased to such an extent that, as already pointed out, almost 80 per cent of Canadian government bonds were held by Canadians in 1930. All this would indicate that the estimated income from interest and dividends for the Province of Manitoba during the period 1925-1929, when compared with that for North Dakota for the period 1919-1921, would not be unduly large.

Furthermore, it was estimated by the Canadian Bureau of Statistics that, in addition to Canadian bonds and stocks, Canadians owned $297,818,000 of foreign industrial stocks in 1928, and that miscellaneous holdings by individuals and corporations amounted to $613,914,000.

The Chairman of the Manitoba Tax Commission estimated that approximately 95 per cent of all incomes assessed in Manitoba were owned by residents of metropolitan Winnipeg. A comparison in the suburban municipality of St. James and those of Winnipeg showed that for Winnipeg the salaries and wages per capita were approximately 34.3 per cent greater than for St. James. It is well known that the great majority of the wealthier residents of the metropolitan area reside within the city of Winnipeg. There are no wealthy residential suburban municipalities. Although there are no authentic data available upon which to form an estimate, it is safe to venture the opinion that at least 85 per cent of the total income assessed in the Province of Manitoba would be owned by residents of the city of Winnipeg during the period 1925-1929. It might be assumed, therefore, that at least 85 per cent of the individuals who would invest in long-term securities would be resident within that city. Using that as the measure, the interest and dividends earned on bonds and stocks owned by residents of Winnipeg would amount, on the average, to $10,230,540 during the period 1925-1929.

Owing to the very large wage-earning class resident within Winnipeg, savings deposits and interest on insurance would be higher per capita within that city than within rural Manitoba. Weighting the population of metropolitan Winnipeg on the basis of two to one as compared with rural Manitoba, Winnipeg's share of interest on savings deposits for 1931 would be one-half of that for Manitoba. The average annual income for the city from interest on savings deposits during the period 1925-1929 would approximate $1,260,000.

In so far as the Province of Manitoba is concerned, income from interest and dividends has remained to a very large extent

unexplored. The foregoing estimates were made with a knowledge of the probability of error. However, precautions were taken to see that the estimates erred through being too low rather than too high.

As a result of the various estimates made, income from salaries and wages, merchandising, manufacturing, rents, interest and dividends, the annual current income for the city of Winnipeg during the period 1925-1929, according to these estimates would amount approximately to $118,847,000.

In a recent publication by A. R. Lawrence,[1] the findings of which were based on the data of the 1931 census, the recorded income for metropolitan Winnipeg was estimated at $88,161,731, and the unrecorded income at $73,072,000, a total of $161,238,731. The population of metropolitan Winnipeg at 1931 numbered approximately 283,000 and of the city proper at 217,000. Apportioning Lawrence's findings on the basis of population would give the city of Winnipeg an income of approximately $123,000,000. This would be less than the amount which should be apportioned to the city owing to the higher income per capita within the latter. The writer introduces these data to show that the estimates of net current income made for the city of Winnipeg for the purposes of this study are conservative.

Net Current Income in the Suburban Municipality of St. James

The municipality of St. James is a residential suburb bordering on the city of Winnipeg. The population in 1925 numbered 12,090, and by 1929 had increased to 12,956. In 1931 the assessment of real property was apportioned as follows: residential 70.0 per cent and unimproved property 17.5 per cent.[2] There were 3,025 residences in 1925 and 3,289 in 1931. The average assessment per dwelling and site amounted to $1,380.70 in 1925. On only 113 residences, or 3.4 per cent of all residences, did the tax exceed $200 per annum in 1931.[3] It is evident that taxation falls largely upon residential property and that the population of St. James municipality is composed of people of moderate means.

---

[1] The Canadian Income, Its Source, Distribution and Expenditure, pp. 43-44. Toronto: Might Directories, 1933.

[2] Report of the Select Committee of the Legislature, op. cit., p. 5.

[3] W. D. Love and Co., "Rural Municipality of St. James Report on Revenue Resources." St. James: Office of the Municipality of St. James, 1931 (mimeographed), Schedule C.

Income from salaries and wages.- It was estimated that approximately 98 per cent of the salary and wage earners of St. James were employed in the city of Winnipeg. That being the case the salary and wage schedules for the various occupations of the people of Winnipeg would apply to the residents of St. James. The voters list for the municipality for the year 1929 contained complete information as to the occupation of each resident 21 years of age and over. By applying the Winnipeg salary and wage schedules of the 1921 census and adding for those under 21 years of age the total for salaries and wages at the 1921 rate was obtained. Reducing this to the average wage rate for the period 1925-1929 and to population increases, gave a total for salaries and wages earned annually of $3,982,000.

Income from merchandising.- To date, the retail merchandising and servicing plants of the suburban municipality of St. James have not made provisions which in general would ensure a large turnover in business or large incomes for the local proprietors or employees. Accordingly, no attempt was made to ascertain the net income from retail merchandising. Instead, there was added for each business proprietor the Winnipeg wage paid to one similarly employed in that city.

Current income from real estate.- A study was made of the rents and the taxes on fifteen dwelling houses. Although an inadequate sampling, this served to demonstrate that the relation between income from real property and taxation thereon did not vary greatly from that in other urban centres. Taxes ranged from 19.8 to 63.1 per cent of the gross income from rents, and appeared to absorb, on the average, one-third of the gross income. Realty men conversant with the situation stated that even during normal economic conditions residential property did not produce a net income of more than three per cent on the value of the property. It was estimated that this would approximate five per cent on the assessment. Business properties in and about Winnipeg are believed to be assessed at their full value. In a former section of this study a general rate of four per cent was taken as the rate of net earnings on all commercial properties in the city of Winnipeg. The relatively poorer buildings in St. James with a smaller business turnover would, during normal times, operate on an even closer margin than those of Winnipeg. On the basis of five per cent of the assessment for rented residential property, and three per cent for commercial property, before deducting taxes, the net income from rents on leased properties in St. James would amount to $194,781.

Income from interest and dividends.- As the majority of the residents of St. James fall within the moderate salary and

wage-earning classes for want of any better measure income from interest on bank savings was distributed on the same basis as that for the population of the city of Winnipeg. Using this as a measure of the income from interest on savings deposits per annum during the period 1925-1929 the amount for the municipality of St. James would approximate $87,000.

As Dominion income statistics were not available for the municipality of St. James, it was not possible to use that measure for estimating income from interest on bonds and dividends on stocks. However, the salary and wage levels per capita in St. James and Winnipeg provided a measure somewhat similar to that of income returns. In 1931 approximately 124 residents of St. James had salaries of $3,000 and over, but only one had a salary that reached the $4,500 mark. In 1924 only 113 lived in houses on which the taxes amounted to $200 and over. The per capita salary and wage earned in St. James by the 1927 population, at the 1921 rates, would be $342, while the actual per capita salary and wage earnings in Winnipeg during 1921 amounted to $421. Although assessed income would not be in exact ratio to population between St. James and Winnipeg, yet it would bear some relation to the size of the average income. Although somewhat speculative, the measure is probably the best available. Using the per capita salary and wage earnings as the measure, the estimated income from interest on bonds and dividends on stocks would amount to $165,000 for the average year during the period 1925-1929.

According to the foregoing estimates, current income, before deducting taxes on improved property, would amount to approximately $4,429,781.

Current Income in the Town of Transcona

The town of Transcona, situated about three miles from the city of Winnipeg, had a population of 4,185 in 1921 and 5,738 in 1931. The town owed its origin to the location of the Canadian National Railway shops at that centre, and has depended largely upon income from salaries and wages earned in the plant of that company. In addition to the railway shops, three other manufacturing plants have provided employment for about 190 men. Almost 2,600 men were employed in all four industries during normal times, but of these, the managerial staffs and about 1,000 wage earners lived in the city of Winnipeg. The proximity of the town to Winnipeg has prevented Transcona from becoming an important merchandising centre, either for the residents of the town or for those of adjacent rural territory. Consequently, the ability of Transcona to provide public services has depended largely upon the income of its wage-earning residents.

The revenue-bearing assessment of the town at 1924 was distributed as follows: land $2,680,940, buildings $1,031,360, and business assessment $47,700. In 1931 the land assessment amounted to $784,160, building assessment to $1,224,360, and business tax to $242,210. In addition to the foregoing, in 1932 there was exempt from taxation properties assessed at $6,432,000. Of this amount $5,398,210 comprised the assessment of the Canadian National Railway shops, and $1,033,000 that of properties which had reverted to the municipality. Not more than ten per cent of the revenue-bearing assessment in 1932 could be classed as commercial assessment, so that taxation fell largely upon residential property.

To some extent during 1931 and more especially during 1932, nearly 900 men were laid off work at the railway shops, and the income of the residents of Transcona was reduced by at least $200,000. During 1932 as many as 279 men and 895 women and children were placed on relief at the joint expense of the Dominion, the province, and the town. Any reduction which could be made in the administrative expenses of the town was absorbed by taxation for unemployment relief. Here was a town, created by a Dominion owned industrial plant, forced by its proximity to a large city to provide for public services almost entirely from the small earnings of a laboring class, yet neither supported by taxation upon the plant which gave it birth nor insured by that concern against loss in public revenues during periods of depression.

Information pertaining to current income in the town of Transcona was obtained from data compiled in the preliminary report of the 1931 census from records on file in the office of the secretary-treasurer of the town and through personal interviews with residents familiar with local conditions. Although approximate, the data obtained were sufficiently close to the actual to present a relatively true picture of the ability of the town to provide for public services.

Income from salaries and wages.- It was estimated that during the normal years 1,442 individuals earned in salaries and wages the sum of $1,320,000.

Income from merchandising.- The proximity of Transcona to the city of Winnipeg and the presence of chain stores would not only reduce the turnover in retail merchandising, but would enforce the practice of operating on a close margin. It was estimated that the rate of net profit would not exceed that of the larger centre, three per cent. On an estimated turnover of $1,000,000 the net income would approximate $30,000.

Income from real estate.- Rents on the 1,400 buildings of all classes, industrial buildings excepted, averaged about $18 per

month. Taxes absorbed approximately 37 per cent of residential rents. In view of this, it was estimated that the net rents paid on all properties would not exceed two per cent of the assessment, and that the total net, before deducting taxes, would amount approximately to $34,000.

Income from manufacturing.- Net income from the smaller plants only might be considered as entering into the current income of the town. But that earned in these plants would be owned elsewhere. Consequently, apart from the wages earned and the taxes paid, income from this source was not included.

Income from interest and dividends.- Owing to the fact that the majority of the residents belonged to the wage-earning classes, receipts from interest on savings and dividends would not form a large item in current income. The total was estimated to be approximately $50,000.

The aggregate current income before deducting taxes from all sources would approximate to $1,454,000.

Current Income in the Town of Dauphin

As formerly stated, the town of Dauphin, situated in north-central Manitoba, had a population of 3,949 in 1931. For years it was an important railroad divisional point, and many of its inhabitants derived their income from that occupation. It has been an important centre for Dominion and provincial administrative offices. In addition, it has served and has been served by a considerable area having varied farm activities. It has not depended to any appreciable extent upon manufacturing. During 1925 the railroad transferred several of its interests to other points and reduced the salary and wage income of the town. However, during the past five years the extension of gravel highways for many miles to the south, west, and northwest has increased the retail business of the town to such an extent that the town has regained in business income almost all that was lost through the transfer of railroad activities a few years earlier. This new development has made Dauphin more than ever the financial centre of north-central Manitoba. The income of the town is derived mainly from salaries and wages, retail merchandising, real property, and to a less extent from manufacturing, interest, and dividends.

To obtain an estimate of current income the writer made an income survey of the town of Dauphin. Data were secured through personal interview with the officials of Dominion, provincial, and railway and business offices, and with business firms. Many private individuals interested in and familiar with the occupations

of the people were interviewed. In addition, some valuable information was obtained from the census reports.

Income from salaries and wages.- Data pertaining to salaries and wages were collected by means of interviews with the heads of firms and business concerns representative of every occupation in town. If the number engaged in one occupation was not large the total salary and wage list was sought. In other cases the total number engaged in an occupation was obtained, a representative sampling of salaries and wages for each secured, a mean calculated, and applied to the group. The total of salaries and wages paid to railway employees was secured through the courtesy of the railway offices. The average annual salary and wage income for the town during the period 1925-1929 earned by 1,100 individuals amounted approximately to $1,050,000.

Current income from merchandising.- In consultation with several of the merchants of the town, an estimate was made of the average annual turnover in retail merchandising. An estimate was prepared for each individual business concern in the town adjusted, in part, to the census estimates for Winnipeg, and the total placed at $1,600,000. The rate of net income was placed at six per cent, and the total net income estimated at $96,000.

Current income from manufacturing.- The preliminary report of the 1931 census estimated the total capital invested in manufacturing to be $494,301 and the gross value of production $506,735 for the year 1930. There has been little variation in either amount during recent years. Allowing five per cent on the capital invested, the net income would amount approximately to $25,000.

Current income from real estate.- In order that an estimate might be made of the income from real estate, information pertaining to gross rentals, depreciation, taxes, insurance, operating expenses, and repairs was obtained from the accounts of realty firms for 15 representative residences and 6 business blocks. Although a small sampling, it was a carefully selected sampling, and was reasonably representative of conditions in a small town. The assessment of commercial properties represented 39.2 per cent, of residential properties 56.5 per cent, and of unimproved properties 4.3 per cent of the total town assessment. The actual assessments in 1930 were: commercial $814,575, residential $1,174,115, and unimproved $89,950. Rentals in Dauphin are low when compared with those in the city of Winnipeg. The gross rentals on 15 residential properties amount to 13.22 per cent of the assessment, and the net rentals to approximately 3 per cent. The gross rentals on commercial properties amounted to 15.37 per cent of the assessment, and the net rentals to less

than two per cent. To allow for better properties of the owned residential class the net rent on residential properties was estimated at three per cent of the assessment, while two per cent of the assessment was taken as the measure of the net rent on business property. On the basis of these rates the total net income from rents on property before deducting taxes amounted to approximately $82,000.

Income from interest, dividends, and miscellaneous items.- Income from these sources was estimated at approximately $52,000.

The total current income before deducting taxes on real property amounted to approximately $1,305,000.

An itemized statement of current income for the city of Winnipeg, the suburban municipality of St. James, the town of Transcona, and the town of Dauphin is compiled in Table XXXVIII.

Urban and Rural Income Compared

It is impossible to measure accurately the value of the dollar to the rural and the urban dweller. Likewise, it is impossible to bring into exact focus the comparative weight of taxation as measured by income in rural and urban communities. This problem becomes apparent when one observes the varying standards of living in the Anglo-Saxon and Non-Anglo-Saxon communities of rural Manitoba. It is also evident to a lesser extent in the different types of urban communities, just as it may be found in one large urban community. Maurice Leven discusses this problem as follows:

> "An attempt to measure at least partially the purchasing power of the dollar on the farm, as compared with that in the city, shows that, when adjusting merely for rent and food, the average consumer's dollar on the farm would purchase about one-third more than in the city. Using this rough estimate, one would apparently have to raise the farmer's money income at least 33 1/3 per cent in order to compare it with urban income. But even such an adjustment would be only problematic, and would fail to give the exact values.
>
> "The difficulty experienced in comparing farm income with city incomes presents only an extreme and clearcut case. Similar problems are encountered in comparisons between incomes of those living in large cities and incomes of people living in small cities. The cost of living, particularly the cost of rent, is known to be higher in large cities, and consequently higher incomes under those conditions may not really bring greater comfort than do lower incomes in places where the cost of necessities is not so high."[1]

[1]Leven and King, op. cit., pp. 44-45.

TABLE XXXVIII

AVERAGE ANNUAL CURRENT INCOME FOR FOUR URBAN CENTRES IN MANITOBA DURING THE PERIOD 1925-1929
(000 omitted)

Urban Centre	Net Income from			Income from		Net Current Income from All Sources
	Merchandising	Manufacturing	Rents	Salaries and Wages	Interest and Dividends	
Winnipeg	$4,137	$5,360	$12,310	$85,546	$11,490	$118,843
St. James	...	...	195	3,982	252	4,429
Transcona	30	...	54	1,320	50	1,454
Dauphin	96	25	82	1,050	52	1,305

Current income, as estimated for rural municipalities, includes income from grain growing, stock and dairy sales, minus the cost of seed, feed, and cash operating expenses; miscellaneous income from wages, forestry, threshing, and income in small urban centres. It was stated in the preceding chapter that the omission of replacement, or what might be considered depreciation costs, family labor, etc., amounted to approximately the value of the food and fuel produced and consumed on the farm. In the opinion of the writer, the omission of these costs would to a considerable extent absorb differences in the value of the dollar to rural and urban dwellers.

Current income, as estimated for urban centres, included income from salaries and wages, net income from cash rents on residential and commercial properties, net income from merchandising and manufacturing, income from interest and dividends.

These estimates of net current income for rural and urban communities bring such communities into as close a comparison as is possible under the circumstances without entering upon an endless discussion of varying standards of living. They represent the aggregate of individual incomes, and, in so doing, indicate the net income out of which individuals, resident in different communities and under different standards of living, pay taxes. In the chapter immediately following this one, the relation between income and taxation in rural and urban communities is discussed.

CHAPTER X

TAXATION IN RELATION TO INCOME

Taxation and Income from Farm Lands

The current income, or the net cash income after deducting operating expenses, was made the base upon which to estimate the relation between farm income and taxation on farm lands. As formerly stated, although expenditures for repairs were included in operating expenses, no allowance was made for replacement or extension. Taxation may be considered as a first charge upon current income as defined for the purpose of this study; replacement, or fixed and financial charges, or extensions can be met only out of that which remains, if any, after all operating expenses have been paid.

The unit of measurement.- As the taxation of farm lands in Manitoba has been based upon land valuation, it was obvious that the relationship between taxation and income could best be shown by some measure of land. A quarter section, 160 acres of land, was made the measure. Statistics pertaining to assessment and taxation per quarter section of land for each municipality studied are compiled in Table XXXIX, and in Table IX of the Appendix.

Although improved acreage bore a close relationship to farm investment and farm income, occupied acreage has borne a still closer relationship to taxable land in rural Manitoba. In areas in which there was a significant amount of unoccupied taxable lands, the area of the occupied acreage would be a nearer approach than would that of the improved acreage to the area of taxable lands. In the better farm areas, occupied and taxable lands were approximately one and the same, there being very little unoccupied land. In the poorer farm areas, occupied and taxable lands were brought into close relationship by the methods commonly used in distributing the real property tax. In the latter areas unoccupied lands were usually assessed for approximately the same amounts as were occupied lands. Although this practice has been productive of tax sales, nevertheless the tax has continued to be evened out across occupied and unoccupied lands alike. Accordingly, a quarter section of taxable land was used as the unit of measure for the distribution of the weight of

TABLE XXXIX

RELATION BETWEEN FARM INCOME AND TAXATION DURING THE PERIOD 1925 TO 1929 INCLUSIVE

Municipality or Crop District	On Basis of Occupied Land and Population 1926 Census. Total Cash Income per		Per Quarter Section			
	Farm	Quarter Section of Occupied Land	Average Annual Taxes per Qt. Sec. of Taxable Land	Per Cent Taxes Which Were of Total Cash Income	Annual Current Income Taxes Not Deducted per Qt. Sec. of Occupied Land	Per Cent Taxes Which Were of Current Income, Taxes Not Deducted
Strathcona	1,293	710	52.48	7.37	458.17	11.43
Dufferin*	2,026	1,098	74.88	6.82	789.04	9.49
Thompson	2,045	1,052	72.48	6.89	743.35	9.75
Miniota	2,526	990	77.92	7.87	671.29	11.61
Dauphin	1,169	858	67.84	7.91	607.64	11.16
Chatfield	227	225	26.64	11.84	...	...
Rossburn	815	623	52.80	8.48	420.00	12.57
Ethelbert	424	390	45.76	11.73	...	...
Swan River Crop District** ...	1,344	893	64.00	7.17	576.08	11.11

*Dufferin Municipality 462 (population of the town of Carman included 312).

**Swan River Crop District 239 (population of the town of Swan River included 215).

taxation across a rural municipality. The average annual income from a quarter section of occupied land was taken as the unit of measure for the distribution of farm income across a rural municipality. By this means the tax on the average quarter section of occupied land was brought into relation with the income derived therefrom.

The average annual acreage of taxable lands for the period 1925 to 1929 inclusive, was calculated for each rural municipality and the village area removed therefrom. The average annual tax imposed on the farm lands of each municipality was calculated for the same period. The average annual tax upon a quarter section of taxable farm land was then determined. The net annual cash income as reported for each municipality in Table XXXIX was distributed on the basis of the average annual income per quarter section of occupied land.

A small error would enter, in that the taxes of unoccupied lands might be paid by absentee owners, out of income derived from sources other than from farming operations within the municipality. However, the error would not be significant as the "Unoccupied Land Tax" and the lost hope of receiving income through unearned increment have forced many absentee owners to abandon these unoccupied lands.

Statistical data concerning the weight of taxation, and the amount of income per quarter section of taxable lands for each of eight rural municipalities, and for one crop district, are compiled in Table XXXIX. The relation between taxation and income is shown in the same table and further illustrated by Figure 11.

The range which the average tax per quarter section for nine municipalities bore to total cash income varied from 6.82 per cent in the municipality of Dufferin to 11.84 per cent in the municipality of Chatfield. The range which the average tax per quarter section for seven municipalities bore to current income varied from 9.49 per cent for the municipality of Dufferin to 12.57 per cent for the municipality of Rossburn. Were information available for farm expenses in the municipalities of Ethelbert and Chatfield, the ratio which taxation bore to current income for these municipalities would greatly exceed that for the seven others reported.

The foregoing ratios of taxation to income may appear to be high. Statistics contained in Table XL, compiled from the data of the Canadian Pioneer Problems Committee, indicate that the findings of the present study in this regard are moderate. In the Swan River area, with a normal crop yield and normal prices for the year 1929, the taxes on 197 farms amounted to 12.14 per cent of the net cash income. In the Dauphin area, with a partial

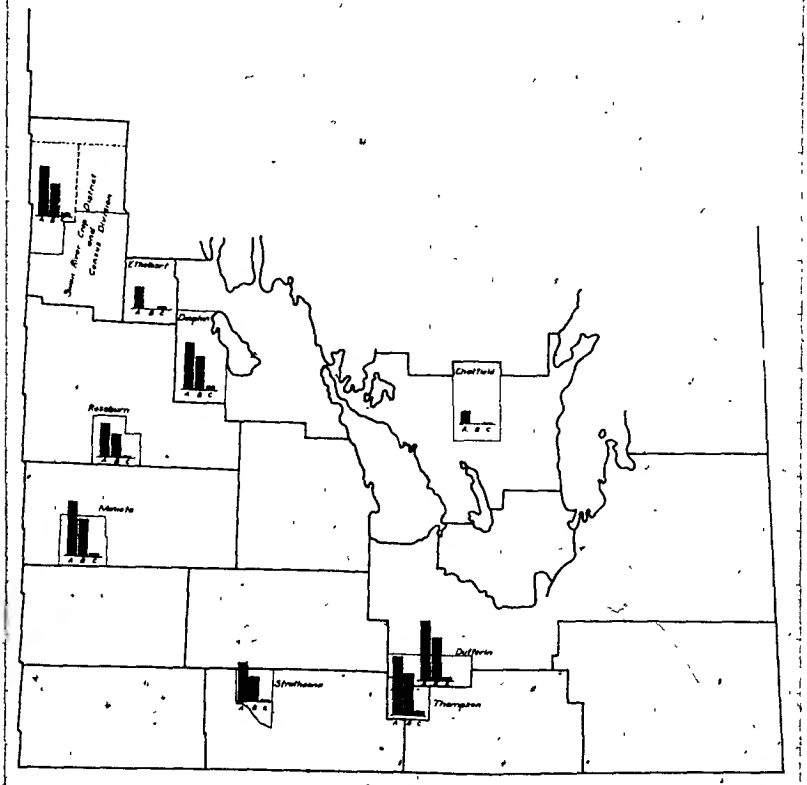


Fig. 11 - Comparison of Taxes and Income per Quarter Section (of farm land) for nine Rural Municipalities in the Province of Manitoba 1929 - 1930.

A. Total Cash Income
B. Current Income Taxes not Deducted
C. Taxes

Scale 3mm. = $100.

TABLE XL

THE RATIO BETWEEN TAXATION AND THE NET INCOME FROM FARM LANDS BASED ON DATA COLLECTED BY THE CANADIAN PIONEER PROBLEMS COMMITTEE

District	Year of Survey	Number of Farms	Net Cash Income per Farm	Taxes per Farm	Current Income, Taxes Not Deducted	Per Cent Taxes Which Were of Current Income before Deducting Taxes
Swan River	1929	197	$975.33	$134.99	$ 1,110.12	12.14
Dauphin	1929	228	471.26	122.77	594.03	20.66
Red River	1930	157	767.00	345.30	11,112.30	31.04
Shoal Lake	1930	229	396.00	198.60	594.60	33.40

crop failure in 1929, the taxes from 228 farms amounted to 20.66 per cent of the net cash income. In the Red River Valley and Shoal Lake areas for the year 1930, with a normal crop, but with grain prices reduced by more than 50 per cent, the taxes for 157 and 229 farms amounted to 31.04 and 33.40 per cent respectively of the net cash income of these areas.

A tax of approximately 6 to 12 per cent of gross cash income, or from 9 to possibly 20 per cent of net cash income, appeared to be a heavy burden during normal times. This was particularly true of marginal and sub-marginal lands. Farm income in such areas was not sufficient to support a high standard of living, neither was it sufficient to support those public services which were recognized as necessary factors in a standard of living such as generally prevailed on this continent. R. W. Murchie found for municipalities with a productivity index of 40 or less, that it had become exceedingly difficult to finance school provisions by means of the property tax.[1] In other words, there was not sufficient income derived from agriculture, forestry, etc., in sub-marginal areas to enable the residents to maintain the minimum program of the elementary school. In order to maintain the burden of school costs the provincial government has been called upon repeatedly for increased aid for schools in the areas referred to in the foregoing paragraph. It was shown in Chapter IV that grants to schools increased in proportion to the reduction in taxable lands. Without doubt, this reduction in taxable lands was, in part at least, due to the large part of farm income absorbed by taxation for the support of municipal, school, and other public services.

The population per quarter section of occupied land was uniformly low for the better rural municipalities and uniformly high for the poorer municipalities. A close relationship was evident between large population and a high rate of taxation on income per quarter section of occupied land. Such a combination of economic factors placed an additional burden upon the better rural and urban areas. The remainder of the province had no option in the matter. A part of the burden of a mistaken land settlement policy of former years was distributed over the aggregate of provincial incomes. The cut-over lands of the state of Michigan afford a somewhat comparable economic situation. Richard T. Ely and George S. Wehrein point out that:

> "This 'no man's land' of cut over idle soil is a serious problem. In so far as such land produces no income it might as well be a desert. Idle land counties are pauper counties.

---

[1] R. W. Murchie and H. C. Grant, Unused Lands of Manitoba, p. 28. Winnipeg: King's Printer, 1926.

Some of the cut-over counties of Michigan draw from the state school fund more than the state land tax in these counties, and several others get back almost what they pay to support the state."[1]

Taxation and other farm costs.- Despite what has been said already, taxes could not be considered excessive in the better farming areas of rural Manitoba during normal economic conditions. They appeared excessive because of the weight of capital and other fixed and financial charges which had to be met out of current farm income. Parker found for 197 farms in the Swan River district during 1929 that the cost of taxes per farm amounted to $134.78, machinery $207.64, live stock purchased $62.89, and interest on mortgages, etc., $131.86. With only 89 farms reporting interest charges, the cost of interest alone spread over the whole 197 farms amounted to 97.8 per cent of the taxes, similarly distributed, for 186 farms.

Owing to the undue expansion of farming operations and the recency of this widespread development, taxation for expanding local and provincial services has appeared excessive. This became especially true during periods of depression. The farmers' investment in land, buildings, equipment, stock and the financial charges thereon could not be liquidated. Taxation on real property took no account of income trends until the point had been reached at which taxes could not be paid. To defer payment in the hope that the return of better times will enable the farmer to meet tax obligations, increases the capital load and shifts the taxation burden of a period of depression onto anticipated income. The vicious circle is continued and aggravated. Ely and Morehouse depict the outcome truly when they state that:

"Unless present taxation policies are changed we shall approach the time when the government will confiscate, through taxation, the entire value of farm land, since it will take practically all of the annual net income in taxes."[2]

It may be stated with justice that capital costs, which are an excessive drain upon farm income in Western Canada, make it difficult for a developing area compelled to borrow heavily, to finance social obligations which have more than a local significance. Farm costs in Manitoba must be seen in relation to taxation for such undertakings, and both in relation to the income of the province and of the nation.

---

[1]Richard T. Ely and George S. Wehrein, Land Economics, p. 112. Ann Arbor, Michigan, 1928.

[2]Richard T. Ely and Edward W. Morehouse, Elements of Land Economics, pp. 315-16. New York: The Macmillan Company, 1924.

Taxation on Real Property in Relation to Income Therefrom in Urban Centres

The relation between income from real property and taxation thereon in urban centres can best be shown by a study of particular cases. Where so many different classes of urban property are concerned, averages fail to distinguish the relative burden upon each. A study was made of three classes of property in the city of Winnipeg -- residences, apartment blocks, and business blocks -- and of residences and business blocks in the town of Dauphin. Data were secured through realty firms on gross rentals, depreciation, taxes, insurance, operating expenses and repairs for the years 1925 to 1929 inclusive and for the year 1931. The year 1931 was introduced to show the effect of increasing or of decreasing taxation at a time when gross rentals were falling.

Depreciation as a cost.- Of the foregoing cost items, depreciation is the only one that requires explanation. It may be defined as a cost reckoned for the wearing out of an asset over a period of years. The United States Bureau of Internal Revenue has justified the practice of allowing for depreciation as follows:

> "It is elemental that in determining the true net income derived from the operation of a trade or business, all operating costs or expenses must be deducted. The consumption of capital represented by depreciation is an operating cost or expense and must be recognized the same as other operating costs or expenses."[1]

The Bureau of Internal Revenue points to the difficulty of obtaining a base upon which to reckon depreciation. Clinton H. Scovell states this difficulty as follows:

> "Against the idea of using depreciated values can be raised the practical objection that depreciation allowances, approximate at the best, are frequently expanded somewhat beyond what the best judgment as to life indicates, particularly in order to secure the highest permissible deductions from taxable income; and also the objection that imperfect accounting may not give proper consideration to renewals and replacements as contrasted with repairs."[2]

Although the Bureau of Internal Revenue has published rates of depreciation to be applied on the basis of the "straight

---

[1] Income Tax Depreciation and Obsolescence Act of 1928, Bulletin "F" (Revised Jan., 1931). Washington, D.C.: Government Printing Office. Pp. 37.

[2] Clinton H. Scovell, Interest as a Cost, pp. 81-82. New York: The Ronald Press Company, 1924.

line" method, it has reserved the right to reject income returns because of the inaccurate application of the foregoing or other methods of calculating depreciation. Depreciation must be limited to the value of building and that determined "through appraisal by reference to assessed values, or in some other recognized manner."[1] The writer found it difficult to secure either the original cost or purchase price of the properties examined. However, the local assessment of the buildings was obtained and the depreciation rates of the Bureau of Internal Revenue applied. Although values had altered across the period 1925-1931 there was little variation in the assessment of buildings examined, so that the base upon which depreciation was reckoned, though subject to the iniquities of the assessment in general, remained practically uniform throughout the period.

Taxation and income from rents on property in the city of Winnipeg.- The data compiled in Table XLI for the city of Winnipeg shows that taxation upon real property fell with varying weights upon income from rents collected from different classes of property. Taxes on fifteen apartment blocks amounted to 10.86 per cent of

TABLE XLI

RELATION BETWEEN INCOME FROM RENT AND TAXATION ON REAL PROPERTY IN THE CITY OF WINNIPEG, 1925-1929 AND 1931

Class of Buildings	Number of Buildings Studied	Period 1925-1929		Year 1931, Per Cent Taxes of Gross Rentals
		Per Cent Taxes of Gross Rentals	Per Cent Taxes of Net Rentals before Deducting Taxes	
Residences	18	24.14	40.10	30.1
Apartment blocks	15	10.86	22.12	16.38
Business blocks.	12	33.16	48.54	41.20

the gross rents and 22.98 per cent of the net rents for the period 1925-1929. Owing to increased vacancies the taxes on eleven of these properties rose to 16.4 per cent of the gross rentals in 1931. Taxation absorbed 24.14 per cent of the gross rents for eighteen houses, and formsd 40.1 per cent of the net rent before deducting taxes during the period 1925-1931. In 1931 taxes absorbed

[1] Bulletin "F," op. cit., p. 18.

30.1 per cent of the gross income from rents on eighteen residential properties. Twelve business blocks were taxed to the extent of 33.16 per cent of the gross income from rent, and 48.54 per cent of the net rent before deducting taxes during 1925-1929. In 1931 taxes amounted to 41.2 per cent of the gross income from rent on these business properties.

City property, in general, can bear heavier taxes than can farm lands because the income out of which rents are paid is frequently derived from sources entirely apart from the property itself. Apartment blocks attract those who do not desire to be bothered with the inconveniences which attend caring for a residence. They attract those willing and in all probability able to pay for the conveniences afforded. The growing demand during recent years for that class of home has enabled such properties, unless located where land costs were excessive, to bear a considerable tax owing to their income earning possibilities. Ten per cent of the gross rents during normal economic conditions was not an excessive tax upon apartment blocks.

Forty per cent of the net income from residential houses would not leave a large margin for capital outlay and interest on investment. As formerly stated, realty men maintained that it was only with the greatest difficulty that owners could make three per cent on their investments in the moderate and better class of houses.

Taxation is heavy on business blocks because they are usually located on the more valuable city lands. Of the twelve business blocks studied the assessment on land amounted to 5.7 times that on the buildings. A levy of one-third of the gross rents on these properties produced a net income of 5.4 per cent on the assessment during the period 1925-1929. An increase of taxation to 41.2 per cent of the gross rentals meant a reduction in the net income to approximately 4.34 per cent of the assessment.

Richard T. Ely, speaking of income from land, states that "A man who gets 4 per cent on his investment does well."[1] When the income is reduced to three per cent during normal conditions, and has to meet the still further reduction of periods of depression, money is driven out of that class of investment and seeks other fields. It is evident that, largely owing to taxation, the point has been reached in the city of Winnipeg where many residential and business properties can no longer provide a reasonable return on the investment. An equally serious phase of the whole question appears when one sees what has been happening in the case

---

[1] Costs and Income in Land Utilization, II, 55. Ann Arbor, Michigan: Edwards Brothers, 1922.

of unimproved properties. In 1932, 2.8 per cent of the total assessment was city owned. The report of the Board of Valuation in July, 1932 stated that "the city has acquired title to 27.7 per cent of approximately all the plotted street frontage and is in the course of acquiring 3.29 per cent, making a total of 30.99 per cent of all the street frontage within the city limits."[1]

Taxation and income from rents on property in the town of Dauphin.- Conditions in Dauphin were even worse than in the city of Winnipeg. Taxation during the period 1925-1929 absorbed almost 40 per cent of the gross income from rent on fourteen residences, and 62.37 per cent of the net rent before deducting taxes. On five business blocks the taxes amounted to 30.96 per cent of the gross rents, and to 66.76 per cent of the net rents before deducting taxes. For the period 1925-1929 the income from net rents on residences amounted to 3.1 per cent of the assessment, and to 2.3 per cent of the assessment for business blocks. The reduction of taxes in 1931 has improved this situation slightly. However, were it not for the unique conditions which have enabled the town of Dauphin to escape almost entirely the effects of the present depression, the costs of unemployment relief, scarcely felt in the

TABLE XLII

RELATION BETWEEN INCOME FROM RENT AND TAXATION ON REAL PROPERTY IN THE TOWN OF DAUPHIN, 1925-1929 AND 1931

Class of Buildings	Number of Buildings Studied	Period 1925-1929		Year 1931
		Per Cent Taxes of Gross Rentals	Per Cent Taxes of Net Rentals before Deducting Taxes	Per Cent Taxes of Gross Rentals
Residences	14	39.93	62.37	32.80
Business blocks.	5	30.96	66.76	26.21

taxes of the town, would be sending taxation upward and reducing more properties to the non-revenue bearing column.

[1] "Unpublished Report of the Board of Valuation for the City of Winnipeg," p. 6. City Hall, Winnipeg, 1932 (mimeographed).

Taxation on Real Property and Shifting Investments

The foregoing discussion makes it evident that some measure of income, rather than the assessment of real property, should be made the basis for taxation. This was demonstrated still further by the indexes of rents and taxes for apartment blocks, business blocks, and residential properties given in Table XLIII. Gross rents from apartment blocks showed a decline of 26 points during the period 1927-1931. Gross rentals from business blocks declined 14 points, and taxes thereon increased 5 points. Gross rentals

TABLE XLIII

INDEXES OF GROSS RENTALS AND TAXATION FOR APARTMENT BLOCKS, BUSINESS BLOCKS, AND RESIDENCES IN THE CITY OF WINNIPEG FOR THE YEARS 1927, 1929, AND 1931

Item	Indexes for the Year		
	1927	1929	1931
Gross rentals from 10 apartment blocks	100	91	74
Taxes on 10 apartment blocks	100	113	121
Gross rentals from 11 business blocks	100	104	86
Taxes on 11 business blocks	100	102	105
Gross rentals from 12 residences	100	101	94
Taxes on 12 residences .	100	106	113

on 12 residential properties decreased 6 points, while taxes thereon increased 13 points. In general, for all three classes of property, a reducing income was exposed to increasing taxation because the tax mechanism bore no direct relation to income. The same condition was shown to be true of the taxation of farm lands.

The inevitable has happened during the past fifteen years. Unimproved properties have been going to tax sale, while investment has shifted from an unproductive to more promising fields of income. The tendency of Canadians during recent years to invest large sums of money in bonds and stocks would indicate that money for purely investment purposes has rapidly deserted the field of

property investment. Furthermore, it has been shown already that such investments would be taken up largely by those having larger incomes.

Unfortunately, investment has shifted heavily toward the hidden fields of bank deposits, life insurance, and bonds and stocks. It was estimated that income from Canadian bonds and stocks held in the city of Winnipeg produced an annual income during the period 1925-1929, at least equal to that of the net income from cash and rents on all improved city properties. Real estate in the city of Winnipeg was levied on to the extent of $7,644,610 during 1929. The rate of taxation upon net income from real property, before deducting taxes therefrom was approximately 39 per cent during 1929. The total income tax paid by individuals and corporations in Manitoba to the dominion and provincial governments, amounted to $4,601,345 during the same year, of which $1,328,739 was received by the Province of Manitoba. In other words, property owners in the city of Winnipeg paid in taxes approximately 39 per cent of the net income from property before deducting taxes therefrom, while much of the income from the more fluid investments escaped taxation altogether, or nearly so.

Professor H. C. Morrison wrote of the failure in the United States to make intangibles bear a fair share of the burden of taxation as follows:

> "Under the industrial conditions of our day, the actual property holdings of individuals are far more in intangibles than in real estate, and yet there are few local inventories which do not purport to show the exact opposite. The result is that a very large number of persons escape state and local taxation altogether or else are taxed on a mere fraction of their ability."[1]

Local Assessment of Real and Personal Property as the Measure of Ability to Pay Taxes

It was stated in a former chapter, and supported on good authority, that taxes are paid out of the incomes of individuals, whether or not they be levied upon real and personal property and measured in terms of the assessed valuation. That being the case, it is obvious that either the income per capita or the aggregate of individual incomes in rural areas and urban centres would form a basis upon which to estimate the worth of property assessment as the measure of the ability of different communities

---

[1] School Revenue, p. 154. Chicago, Ill.: University of Chicago Press, 1930.

to support public services.

To use the aggregate of individual incomes would fail to show the relation which density of population and size of income bear to the tax-paying ability of rural and urban communities of different types. English-speaking communities, as shown in Table VIII of the Appendix, were not so densely populated per quarter section of occupied land as were some rural areas settled by non-Anglo-Saxon peoples. In 1926 only 17.7 per cent of the population of the rural municipality of Rossburn were of English-speaking extraction, while the population numbered 4.22 per quarter section of occupied land. On the other hand, 93.1 per cent of the population of the rural municipality of Miniota were of English extraction and the population numbered 2.36 per quarter section of occupied land. In addition, land in the municipality of Miniota is more productive per acre than is that of the municipality of Rossburn. Income per capita would reveal differences both of density of population and of productivity of soil, while the aggregate of incomes would tend to cover these factors.

In urban centres salaries and wages form the largest source of income. Earnings from other sources are distributed over a comparatively small number of individuals. Classes tend to group according to the size of income, and different types of communities are formed as a result. The city of Winnipeg includes in its population a greater proportion of individuals having large incomes than is true of any other urban centre in the province, while the suburban town of Transcona is populated almost entirely by individuals of small income. Income per capita would tend to reveal these differences; consequently, it is taken as the measure of ability in all municipalities studied.

The assessment of property per capita is also chosen for purposes of comparison, as assessment represents the measure of ability commonly used in all types of communities. The distribution of assessment per capita when seen in relation to current income per capita provides a basis for comparison. There are compiled in Table XLIV the estimated current income per capita, the local assessment of real and personal property per capita, and the ratio of the second to the first for seven rural areas and four urban centres in the province of Manitoba. In this instance, current income, population, assessment, and taxes include that for both farm and village within each rural municipality, the town of Dauphin excepted.

The ratio of local assessments to current income.- A study of the ratio of assessment to income per capita would appear to justify the estimates of income prepared in the two preceding chapters. The distinction between rural and urban assessment is

TABLE XLIV

RELATION BETWEEN CURRENT INCOME, LOCAL ASSESSMENT, TAX RATES, LEVY AND RATIO OF NET CURRENT INCOME TO LOCAL ASSESSMENT OF REAL PROPERTY PER CAPITA FOR ELEVEN RURAL AND URBAN AREAS

Rural Area or Urban Centre	Annual Current Income per Capita, 1925 - 29	Local Assessment per Capita, 1927	Ratio of Current Income to Assessment per Capita	Tax Levy in Mills on the Dollar, 1927	Tax Levy per Capita	Per Cent Tax Levy Which Was of Income per Capita
Strathcona	$220	$1,030	1:4.68	18.9	$19.99	9.09
Dufferin and Carman Town	297	1,200	1:4.04	22.3	31.23	10.51
Thompson	309	1,180	1:3.81	23.8	28.24	9.11
Miniota	301	1,200	1:3.98	29.4	31.44	10.44
Dauphin (rural)	148	410	1:2.77	49.5	21.00	14.19
Rossburn	112	460	1:4.11	33.8 (41x)	15.97	14.25
Swan River Crop District and Town.	195	670	1:3.38	(18.9) 49.2 (39.0)x	29.07	14.91
Winnipeg	546	1,160	1:2.12	30.0	34.64	6.35
St. James	342	370	1:1.08	54.0	33.31	9.74
Transcona	252	461	1:1.83	64.0	26.15	10.38
Dauphin (town)	331	562	1:1.69	38.0	33.14	10.02

x = Town or Village rate

very clearly marked. The range in the ratio of assessment to income varies in the seven rural municipalities from 2.77 to 4.68, and in the four urban centres from 1.05 to 1.87. This is what might be expected as the assessment of urban property is generally lower and the tax rates higher than in rural areas.

In the rural municipalities of Dufferin, Thompson and Miniota there is little variation in the ratio of assessment to income. Income in these areas is derived largely from grain growing and the productivity of the soil is relatively uniform. Moreover, the population is largely of Anglo-Saxon origin and the population per quarter section of occupied land, as shown in Table VIII of the Appendix, approximately equal. The findings would indicate that the method of estimating income for these municipalities was possessed of a high degree of accuracy. They would also indicate that the assessed valuations for these areas were comparatively equal.

The ratio of assessment to income for the rural municipality of Dauphin and for the Swan River crop district are not far removed from one another, being 2.77 and 3.55 respectively. A variation would occur owing to the inclusion of a much larger element of urban income and population in the Swan River area than in the rural municipality of Dauphin, thus reducing the ratio for Swan River. As formerly stated, these areas contain a somewhat similar distribution of good, marginal and sub-marginal lands, with a relatively larger amount of good farm lands in the Swan River area. The population is somewhat different in origin, there being (according to the 1926 census), 72.6 per cent of Anglo-Saxon extraction in Swan River and 36.7 per cent in Dauphin. The population per quarter section of occupied land was 4.23 and 3.49 respectively during 1926. A considerable part of farm income is derived from stock raising and dairying. The findings for these municipalities would indicate that the estimates of income and the assessment per capita are comparatively correct. As compared with those for the three municipalities of Dufferin, Thompson, and Miniota they would appear to indicate that a difference existed in the assessment of grain growing and mixed farming areas.

The findings for the municipality of Strathcona would indicate that assessed valuations are too high. The farm lands of the rural municipality of Thompson have higher productive power than have those of Strathcona. R. W. Murchie[1] found the productivity index per improved acre to be 171.1 for the municipality of Thompson and 79.4 for the municipality of Strathcona, yet in 1927

---

[1]R. W. Murchie, "Supplement to Unused Lands of Manitoba," pp. 14-17. Unpublished Doctor's thesis, Department of Social Science, University of Minnesota, 1927.

the assessment per acre of taxable farm lands was $19.51 and $16.64 respectively.

The fact that the foregoing comparisons classify the different types of farming communities into natural groups, according to ability to pay as measured by income, would point to the value of that method of estimating ability. These comparisons also show that the assessed valuations, although apparently satisfactory for the same type of farming community, do not bring the different types into focus. The ratio of assessment to income, if the assessed valuation is to be considered a valid measure of ability, should be approximately equal for all types of farming communities.

Of the four urban centres studied, the ratio of assessment to income in the city of Winnipeg, the town of Transcona, and the town of Dauphin are not far removed from one another. All three centres are different, yet the income from salaries and wages forms the large part of earnings in all three. Had it been possible to locate all the income in the city of Winnipeg more definitely, the ratio of assessment to income might have been lower than that given in Table XLIV.

In the ratio of assessment to income the suburban municipality of St. James is far removed from that of the other centres. W. D. Love,[1] after a very thorough study of the taxation of property in St. James in 1930 found that 33.5 per cent of the ratepayers paid taxes under $60 per annum and 49.2 per cent paid from $60 to $125 per annum. He concluded that "building assessments are relatively low and it might be possible to increase such assessments to the extent of 10 or 15 per cent and still levy the same mill rate without unduly oppressing the tax payers." If this were done, it would raise the ratio of assessment to income to 1.36 instead of 1.08. An assessment of $370 per capita is exceedingly low for a middle and laboring class residential district. It could not be expected that such an area, bordering on the city of Winnipeg, with its people working in Winnipeg at city rates of salaries and wages, would have an assessment per capita less than the town of Dauphin. Had it the same assessment per capita as the town of Dauphin, the ratio of assessment to income would be 1.59. The findings of this study confirm those of W. D. Love. On the other hand, it has been shown that residential rents are not sufficient to warrant raising property taxes in the municipality of St. James. To overcome this difficulty, W. D. Love suggested that a tax should be levied upon individuals apart altogether from the

---

[1] W. D. Love and Co., "Rural Municipality of St. James, Report on Revenue Resources," p. 18. St. James: Office of the Municipality of St. James, 1931 (mimeographed).

property tax.[1] He proposed a "minimum school tax, as otherwise it is all too evident that the small home, paying an annual tax of less than $100.00, is the source of loss to any dormitory municipality which has not the advantage of industrial development, and imposes too heavy a burden on the remaining ratepayers." Both this study and that made by W. D. Love indicate that income rather than assessed valuation should be made the basis for estimating the ability of the residents of St. James to support public schools. Each study points to the inadequacy of property assessment as the measure of ability in this municipality.

The evidence submitted indicates that local assessed valuations fail to measure the ability equally for different types of farming communities, for different types of urban communities and for rural as compared with urban communities. Furthermore, out of eleven communities studied, two appeared to be quite out of focus within their own class of community during the period 1925-1929.

The findings of this study pertaining to the inadequacy of the assessed valuations of real property as a measure of ability, were in keeping with the findings of other studies and of leading economists. E. R. Seligman wrote of the problem of property assessment as follows:

> "In most of the commonwealths the tax laws provide for the assessment of property at its fair cash value and in all the states it is expected that the valuation shall everywhere be made at a uniform rate. Yet it is a notorious fact that in scarcely any two contiguous counties is the property - even the real estate - appraised in the same manner or at the same rate."[2]

The report of the Assessment and Taxation Commission for 1919 for the Province of Manitoba stated that "while it probably has been no worse than elsewhere, it certainly has been no better." This Commission recommended that a central tax commission should be established in the hope that assessment might be equalized throughout the province. A tax commission was established and guide plans for the local assessors prepared. Although, without doubt, improvement in the assessment resulted, nevertheless the local assessors still remain. As recent as February, 1932 no less than 475 appeals were registered against the assessed valuations in the city of Winnipeg and a complete re-assessment of the city

---

[1] Ibid., p. 31.

[2] Essays in Taxation, p. 20. New York: The Macmillan Company, 1925 (10th ed., revised).

agreed upon.[1]

Nothing could more completely expose the inadequacy of the assessment of real property in urban centres as a measure of ability than do conditions existing during the present depression The town of Transcona, with the salary and wage income of its residents reduced by many thousands of dollars, rusnishes an example of an urban centre in which the assessment of real property, whatever its merit during normal economic conditions, has ceased to be an adequate measure of the ability of the community to support public enterprises. The present study but confirms all that has been discovered in this regard during recent years in other parts of Canada and the United States.

The Measure of Effort

Tax rates.- An examination of the rates of taxation showed that, in general, a low assessment per capita meant a high tax rate and a high assessment a low rate of taxation. Three rural municipalities with a high ratio of assessment had tax rates ranging from 18.9 to 23.8 mills on the dollar, while the four urban centres with comparatively low assessments had tax rates ranging from 30 to 64 mills on the dollar. On the other hand, the rural municipality of Miniota had a high ratio of assessment and a tax rate of 29.4 mills on the dollar, while the municipality of Thompson had a similar ratio of assessment and a tax rate of 23.8 mills on the dollar. One could not estimate the burden of taxation on these nine municipalities by observing the tax rates. In other words, tax rates and assessed valuations are very misleading indices of ability and effort.

Income as a measure of effort.- The average tax per capita in 1927, measured in dollars and cents, and the part it represented of the average income per capita during the period 1925-1929, were calculated. The average tax per capita for the middle year of the period was approximately the average tax paid during the years 1925-1929, for which time a gradual increase in taxation occurred throughout Manitoba. The tax per capita, as calculated for this study, included all taxes levied through the municipal council whether for local improvements, for general purposes, or that raised through the medium of the business tax. It did not not represent the general levy upon real and personal property only.

---

[1] Report of the Assessment and Taxation Commission, Province of Manitoba, 1919. Pp. 209.

When reduced to terms of the per cent of current income paid in taxes, the areas studied formed four groups: (1) the city of Winnipeg with a levy of 6.35 per cent upon current income; (2) the rural municipalities of Strathcona and Thompson, and the urban municipalities of St. James, Transcona, and Dauphin, all within the range of 9.10 to 10.38 per cent of current income; (3) the rural municipalities of Dufferin and Miniota with 10.51 and 10.44 per cent of current income respectively; and (4) the rural areas of Dauphin, Swan River, and Rossburn with rates of 14.19, 14.25, and 14.91 per cent respectively. Had data been available for sub-marginal rural areas, a fifth class would have appeared with still higher rates than any of the foregoing. The introduction of a larger sampling would have produced a more extended grouping.

Taxation measured in terms of current income showed that the least burden was placed upon the large urban centre and the greatest burden upon the poorest rural area. The relative distribution of the burden of taxation so measured fell within these two extremes. A few of the wealthier wheat farming areas levied a tax on current income comparable with that of the large towns and suburban municipalities. This was not an unnatural grouping as the much smaller population of large farm areas increased the income per capita, while the reverse was true of the country town and suburban municipality. Mixed farming areas having a percentage of marginal and sub-marginal lands and the purely marginal and sub-marginal areas must make a larger contribution out of income than any other type of community.

A closer examination of the part of income paid in taxes indicated that even the amount of money paid in taxes was not a true measure of effort. A tax of $19.19 in the municipality of Strathcona represented 9.09 per cent of current income. A tax of $15.97 in Rossburn represented 12.28 per cent of current income. A tax of $34.64 in the city of Winnipeg represented 6.35 per cent of current income. A tax of $33.30 in the suburban municipality of St. James represented 9.74 per cent of current income. Neither tax rates, based on assessment, nor the amount of money paid by the individual for taxes gave a true picture of the effort made. Only in so far as the amount paid in taxes may be seen in relation to the income of the individual can a true estimate of effort be formed. Not only is this a more accurate measure of effort, but it is also a measure of effort which can be understood.

In Chapters XI and XII current income, as estimated herein, will be used as the basis for calculating the ability and effort of typical municipalities to support public schools.

CHAPTER XI

ABILITY TO SUPPORT PUBLIC SCHOOLS IN MANITOBA

Property Assessment and Income as the Basis for Estimating Ability

In the preceding chapters the administrative machinery of school finance, school costs, the proportion of state and local aid, the taxation of real property, estimates of current income, and the merits of making income or the assessment of real property the basis of school revenue were studied. There remains to be examined in greater detail the efficiency of the existing financial mechanism for securing and distributing school revenue. It is first necessary to establish a basis for the measurement of the ability of school districts and of municipal units. Students of school finance have pointed to the difficulty of securing an adequate basis for measuring ability and have been compelled to choose that which appeared the best index available. Harlan Updegraff in the New York Survey[1] used assessment as the basis and Floyd Reeves used the same basis for the Finance Inquiry in the State of Illinois.[2] The Educational Commission for the Province of Manitoba[3] used both the local and the equalized assessment. J. K. Norton used a combination of income and tangible wealth per child in a study of ability in the states of the Union.[4] The data used by Norton were not available for the study of ability by counties or by school districts.

The defects in either the local or the equalized assessment in Manitoba have been shown in Chapter X of this study. Reeves[5] and other students of school finance in the United States concluded after careful study that: (1) ability is related more

---

[1] Rural School Survey of New York State, Finance Inquiry, p. 78. Ithaca, New York: Wm. Fell Company, 1922.

[2] The Political Unit of School Finance in Illinois, pp. 50-67. New York: The Macmillan Company, 1924.

[3] Report of the Educational Commission, p. 21. Winnipeg, Manitoba: King's Printer, 1924.

[4] The Ability of the States to Support Education, p. 29. Washington, D.C.: National Educational Association, 1926.

[5] Reeves, op. cit., pp. 50-52.

closely to the income from property than to its market value; (2) it is difficult to assess the same class of property correctly and exceedingly difficult to bring the assessment of different types of property into proper relationship with one another; and (3) personal property escapes assessment to a large extent while real estate does not. These differences are all the more pronounced when the assessment is made by unskilled assessors for each municipality. Furthermore, the equalized assessment for Manitoba, based as it is upon data collected by local assessors, would be subject to all of the defects associated with assessment valuations. Accordingly, current income as estimated for several rural and urban municipalities and for one crop district, in Chapters VIII, IX, and X of this study, is taken as the basis in these larger units for measuring ability and effort to support public schools in Manitoba.

As the school district is the unit of school administration in Manitoba it is desirable that the relative ability of these units to support public schools should be ascertained. At once the problem of the inadequacy of the school district as an understandable unit of finance becomes evident. With 2,232 such units in Manitoba, scattered over a wide area, embracing units of many sizes and variations in population and many types of property, it is not only impossible to estimate their relative ability in terms of assessment valuations with any degree of accuracy, but it is hopeless to expect to measure in terms of income the ability of each individual school district. Professor H. C. Morrison, writing of the measurement of ability of school districts in terms of assessed valuations states that:

> "It simply cannot be done, short of an investigation comparable with that undertaken in the physical valuation of railways, and, were such an investigation undertaken, it would be worthless unless it were completed within a single fiscal year and repeated every year. We know that there are gross inequalities, but nobody has ever measured them. Even the best of the studies ignores what in reality are the prime factors in taxable ability as predicted of school districts. Such studies simply reveal something of the order of the differences which exist."[1]

Admitting all the foregoing criticisms, the writer was compelled to make use of assessed valuations for school districts in order that a rough estimate of the "order of differences" might be made for small ungraded school districts throughout rural

---

[1] School Revenue, p. 188. Chicago, Illinois: University of Chicago Press, 1930.

Manitoba. The equalized assessment was used for this purpose as it represented an effort to even out the differences in assessed valuations between rural municipalities. No attempt was made to compare the ability of rural and large urban school districts on the basis of assessed valuations. Owing to the inability, already established in this and other studies, to bring rural and urban property into relation on the basis of assessment, it would be useless to undertake such a comparison. The local assessment for each ungraded or graded rural school district for the year 1929 was obtained from the secretary-treasurer of each municipality studied. The assessment for each school district was then brought to the basis of the equalized assessment for the municipality in which the school district was located.

The Unit of Measurement

Having accepted current income as the basis of comparison of ability between municipal units and equalized assessment valuations as the basis of comparison for ungraded and graded rural school districts, it became necessary to set up specific units of measurement with which to portray ability. Considerable difference of opinion has existed among students of school finance as to the unit best suited to this purpose. Updegraff chose the number of teachers engaged and justified that unit on the ground that: (1) "salaries of teachers form the largest item of school expenditure" and (2) "a close relationship exists between the number of teachers employed and classrooms operated."[1] Mort combined the typical teacher and weighted pupil, using the number of pupils in average daily attendance.[2] Reeves used assessed valuation per child of school age in those districts having more than one-room rural schools and full assessed valuation per district for those districts having less than sixty children of school age.[3]

In the Province of Manitoba the School Act provides that every person between the ages of six and twenty-one years shall have the right to attend some school. As formerly stated, the practice generally adopted throughout the province has been to provide free schooling up to and including Grade XI. The census report prepared annually by rural school districts and periodically by the larger graded school districts has required that the number of all resident children of the ages 5 to 18 inclusive should be

---

[1] Op. cit., p. 72.

[2] Paul R. Mort, State Support for Public Schools. New York: Teachers College, Columbia University, 1926. Pp. 104.

[3] Op. cit., p. 58.

furnished to the Department of Education. An examination of the statistics pertaining to age and to enrolment, by grades, published in the Annual Report of the Department of Education for 1929-1930, showed that 1,039 of the age of five years and 504 in Grade XII were enrolled, who did not come either within the age limit or the period of free schooling. On the other hand, there were 1,702 of the ages 18 to 20 inclusive enrolled in the public schools during the same period. Deducting those enrolled in Grade XII and those enrolled who were under six years of age from those above the age of seventeen enrolled in the public schools would give an enrolment approximately equal to that included within the ages 6 to 17 inclusive. Reasoning in the same way, the census figures would be a close approximation of the total number who were entitled to be enrolled in Grades VI-XI of the public schools. Approximately 5,200 were enrolled in private schools throughout the province for the year 1929-1930 and approximately 1,350 of the total enrolment of secondary school departments were tuition pupils.

A study was made of the enrolment, average-attendance and census pupils between the ages of 6 to 17 inclusive for 332 ungraded and graded school districts in rural Manitoba, having 505 classrooms in operation. A similar study was made of the school population for six suburban municipalities, seven large towns, and four cities. There appears to have been a discrepancy in the census returns in that school districts having secondary departments show an enrolment approximately equal to the census reports for these districts. This would indicate that in some cases, at least, non-resident pupils were included in the census reports. On the other hand, some school districts, through having a considerable number of non-resident pupils, actually did have a larger enrolment than the number of resident pupils of the ages 6 to 17. The population of a private school may at any time, and on short notice, be added to the enrolment of the public school. In December, 1932, this actually happened in the suburban municipality of St. James, in the town of Transcona, and in at least one rural municipality. This makes it quite evident that, in so far as the school population is concerned, the total legal school population is at any time liable to become the responsibility of the school district for educational purposes. That being the case, when average attendance, enrolment, and the number listed in the census report were considered, it was evident that the number of census children would be the more adequate unit of measurement. This conclusion was confirmed when one compared the average attendance, enrolment, and the census population for low assessment and high assessment rural areas, and for the city of

Winnipeg, the statistics for which are given in Table XLV. In every instance the average attendance gave a poor indication of the school population, while it was generally true that the enrolment fell short of the possible total. This was especially true of the city of Winnipeg, where over 2,000 children were enrolled in private schools, and many in 1932 were in school who, under the economic conditions prevailing in 1929, would have been otherwise occupied.

TABLE XLV

AVERAGE ATTENDANCE, ENROLMENT, AND CENSUS PUPILS 6 TO 17 YEARS OF AGE INCLUSIVE, IN THREE TYPICAL GROUPS OF COMMUNITIES IN MANITOBA, 1929-1930

Type of Community	Pupils in Average Attendance	Pupils Enrolled	Census Pupils
Low assessment rural areas ...	4019.94	5,986	6,824
High assessment rural areas ...	7393.61	9,938	10,647
City of Winnipeg	35104.00	41,745	46,744

Neither the average attendance nor the enrolment for 1929-1930 formed an accurate index of the school population for 1932-1933. Limiting the census years from 6 to 17 years of age inclusive restricts the range to the number who have the right to attend school, who may at any time be enrolled therein and who are being enrolled in ever increasing numbers.

Updegraff used the number of teachers employed as the unit of measurement. In the province of Manitoba the salary cost, in general, has equalled more than half of the total school cost per annum. However, that of itself would not justify using the number of teachers employed as the unit of measurement. Although in one-room rural school districts in Manitoba the school cost has been closely associated with that of the single classroom, once graded school situations are introduced the number of teachers employed is at once rendered invalid as a unit of measurement. The wealthier graded school district has shown a tendency to employ a larger number of teachers per pupil population than has been generally true of the poorer districts. Secondly,

wealthier districts have had a larger percentage of the school population enrolled than the poorer districts. Thirdly, because of secondary school provisions and better school facilities, the tuition pupil becomes a factor in certain graded school districts. Finally, nationality has been a factor in school enrolment and attendance. Among certain nationalities there has existed a strong tendency to take children out of school at an earlier age than has been true of others. Although changing economic conditions have altered this to some extent, the tendency to keep children in school after they have passed fourteen years of age is not the same for all nationalities. From the foregoing it is obvious that the variation in enrolment and attendance per teacher employed, due to varying conditions of wealth and nationality, render the number of teachers employed inadequate as a unit of measurement for school districts in different types of communities.

As formerly stated, Reeves in his study of school finance in Illinois used the full assessed valuation per school district as the unit of measure for typical one-room rural school districts. In so doing he selected districts having fewer than sixty resident pupils of school age. This unit of measurement could be applied readily to the study of one-room rural school districts in Manitoba. In fact, with assessment as the only measure of ability for school districts available, assessment per school district appeared to be the basis of measurement best adapted to a comparison of ability for one-room rural school situations. The regulations of the Advisory Board provide that a school district may not open a second room until the enrolment has reached 45, and a third room until the enrolment has reached 81. In general, the enrolment in the rural school districts of Manitoba is not large. Of 275 rural school districts studied, 38 had an enrolment of 45 or over, and of these only three were operating two classrooms, while 259 had an enrolment of less than sixty. A study was made of the relative ability in terms of assessment per district, of these 259 rural school districts.

Ability of One-Room Rural School Districts

Table XLVI illustrates the ability of 259 one-room schools in twenty-four rural municipalities and at once indicates the point of greatest variation within the whole provincial system of education. An examination of local assessments per quarter section for the years 1920, 1925, and 1930 showed that in low-assessment municipalities there was a slight tendency to increase assessments throughout the ten-year period, while in high-assessment rural municipalities increases occurred from 1920 to

TABLE XLVI

FREQUENCY DISTRIBUTION OF SCHOOL DISTRICT ASSESSMENTS ON THE EQUALIZED BASIS FOR TWO HUNDRED AND FIFTY NINE ONE-ROOM RURAL SCHOOLS IN TWENTY FOUR RURAL MUNICIPALITIES FOR THE YEAR 1929.

Range of Assessment in Ten Thousands of Dollars	Frequency Distribution of Assessment in Rural Schools — Low-Assessment Municipalities														High-Assessment Municipalities										
	Armstrong	Sprague	Lawrence	Woodlea	Siglunns	Piney	Chatfield	Nassey River	Glenella	Erissdale	Caldwell	Ethelbert	Bifrost	Totals	Shell River	Stickmond	Dauphin	Rossburn	Pembina	Strathcona	Thompson	Port Edge	Brenda	Roland	Dufferin	Totals	
1 – 10																											
10 – 20	8	2	3	2	1	2		1				1		22				A									22
20 – 30	3	2	3	5	4	3	2	3	2	2	1	2		34													34
30 – 40			3	1	2	1	2	1	5	3	2		1	21													21
40 – 50				1		1	2	1	1	5	1	4		16		1	1									2	18
50 – 60						1	1	1	1	1	1	1	1	8		1	2									3	11
60 – 70								2	3		1	5	2	13		1	1									2	15
70 – 80		B							1		2	2	2	7	1	1	4	1	2							9	16
80 – 90								1				1		2	2	1	2	4			1				1	11	13
90 – 100													1	1	1		3	1								5	6
100 – 110													1	1	1	2	2		1							6	7
110 – 120													1	1		1	3		2							6	7
120 – 130													1	1			5			1						6	7
130 – 140																	1									1	1
140 – 150																	2	3	2	1	1			1	1	11	11
150 – 160															1		3		2		1					7	7
160 – 170				C															1	1		2	1	2		7	7
170 – 180																	1		2			1				4	4
180 – 190																		2	2	1					1	6	6
190 – 200																1			1		2		1			5	5
200 – 210																1				2		1	2		1	7	7
210 – 220																					1	2	3			6	6
220 – 230																				1	1	1	1			4	4
230 – 240																							1			1	1
240 – 250																					1		2		1	4	4
250 – 260																						1		1		2	2
260 – 270																								1		1	1
270 – 280				D															1			1		2	1	5	5
280 – 290																		1				1				2	2
290 – 300																						1				1	1
300 – 310																								1	1	2	2
310 – 320																								1		1	1
320 – 330																											
330 – 340																							1	2	3	3	
340 – 350																								1	1	1	
350 – 360																											
360 – 370																									1	1	1
Totals	11	4	13	9	7	8	7	10	13	11	8	16	10	127	6	10	30	12	16	6	9	11	11	9	12	132	259
Median School District Assessment	$15,000	22,000	24,000	25,000	27,000	30,000	34,000	37,000	39,000	41,000	51,000	62,000	75,000		93,000	109,000	119,000	130,000	134,000	188,000	193,000	214,000	216,000	270,000	284,000		

Median Assessment for the 106 Schools of Group A - $ 29,100
" " " " 30 " " B - 76,200
" " " " 62 " " C - 148,100
" " " " 41 " " D - 246,300

1925, and decreases from 1925 to 1930. The upward tendency of assessments in poorer municipalities throughout the ten-year period portrays the effort that has been made to compensate, in part at least, for the reduction in revenue due to the reversion of lands to municipalities.

The assessment per district for the median district in each municipality included in Table XLVI is illustrated by Figure 12. The assessment for the median district in Dufferin municipality is nineteen times that for the median district in Armstrong. The assessment for the wealthiest district in Dufferin is four times that for the poorest district in the same municipality.

Table XLVI is sectioned into four groups of assessments per district. The groups are designated A, B, C, and D and contain 106, 50, 62, and 41 school districts respectively. Assessments for Group A lie within the range $10,000-$60,00; B, $60,000-$100,000; C, $100,000-$200,000; and D over $200,000. The median assessments per district for 41 of the wealthiest districts in nine municipalities was 8.5 times that for 106 districts in thirteen poor municipalities. The range in assessment per school district varied from 1 to 25, approximately.

Reeves discovered in the Illinois study that "the number of children residing in a district bore no relation to the assessment valuation of the district."[1] His finding is verified by this study. Of 35 one-room schools having an enrolment of 45 or over, 22 are situated in low-assessment and 13 in the lowest of the high-assessment municipalities.

The majority of districts of Groups A and B located within low-assessment municipalities received provincial assistance through the distribution of Assessment Grants. A few districts in Group B, located in higher assessment municipalities, were also assisted through this grant, while the special grant to weak school districts was distributed to many of the schools of Groups A and B.

It is important to note for future reference that the assessment per district for 28 out of 58, or almost fifty per cent of the districts in the municipalities of Shell River, St. Clements, Dauphin, and Rossburn, was below $100,000. It is at this point that the large Municipal Grant, which is levied proportionately upon the property assessment of all districts within the municipality, falls heavily upon the better lands, more particularly at times when the volume of tax arrears is large.

---

[1] Op. cit., p. 65.

Fig 12.— Showing the assessment for the median school district for each of twenty-four municipalities in the order given in Table XLVI for the Year 1929

Ability of Graded School Districts

Assessed valuation per census pupil was used as the unit of measure for graded school districts. In all but two of the districts selected the school was located in an unincorporated or an incorporated village or town. Carman with a population of approximately 1,400 was the largest urban centre. All districts contained both urban and farm property and were typical of many such graded school situations in Manitoba. Large town districts were not included because of the difference in the nature of the total assessment and in the relation which it usually bears to income. The equalized assessment for the graded school districts chosen was used as the basis of measurement and taken to serve as a rough estimate of the ability of graded school districts to support public schools.

A frequency distribution of the assessment per census pupil in fifty-one graded school districts during the year 1929-1930 is shown in Table XLVII. The range in assessment per census

TABLE XLVII

EQUALIZED ASSESSMENT PER CENSUS PUPIL IN FIFTY-ONE GRADED SCHOOL DISTRICTS IN TWENTY-FOUR RURAL MUNICIPALITIES OF MANITOBA DURING 1929

Assessment per Census Pupil in Hundreds of Dollars	Low-Assessment Rural Areas	High-Assessment Rural Areas	Total
5 - 10	2	1	3
11 - 15	5	4	9
16 - 20	4	3	7
21 - 25	3	2	5
26 - 30	..	..	0
31 - 35	..	9	9
36 - 40	..	2	2
41 - 45	..	2	2
46 - 50	..	4	4
51 - 55	..	4	4
56 - 60	..	1	1
61 - 65	..	2	2
66 - 70	..	..	0
Over 70	..	3	3
Totals	14	37	51
Range in Dollars .	447 - 1,721	899 - 9,475	447- 9,475

pupil varied from $477 to $9,475, or as 1 to 21. The range in the equalized assessment per census pupil for the fourteen graded school districts in thirteen low-assessment rural municipalities varied from $477 to $1,721, while for the forty-seven graded school districts in fourteen high-assessment rural municipalities, it varied from $899 to $9,475. In 1924, Reeves found an even greater variation in ability among the graded school districts of the state of Illinois.[1] It could be readily demonstrated, on the basis of the assessment, that similar conditions are common throughout Canada and the United States, wherever the district school remains as the unit of school finance.

Ability to Support Schools Measured in Terms of Income per Census Pupil

Total cash income from farm production plus village and town income, per census pupil was used as the measure of ability for nine rural municipalities. It was necessary to use total cash income to bring two sub-marginal municipalities into the picture. Current income per census pupil was used as the measure of ability for seven rural and four suburban municipalities. Statistics giving the results of the application of these measures are compiled in Table XLVIII. By this method the writer hoped to establish the approximate amount of money available for the education of a child in different types of communities. The merits of using current income as a basis for comparing the ability of different types of communities was discussed in the closing section of Chapter IX. Whatever its defects, it is a more equitable basis for comparison than assessment and possibly the only basis upon which the relative ability of rural and urban communities can be measured.

Measured by total cash income per census pupil, the ability of nine rural municipalities varied from $181 in Chatfield to $2,100 in Thompson municipality. It would be safe to venture the opinion that no less than fifteen rural municipalities and the unorganized areas in Manitoba, during the normal economic period of 1925-1929, did not have current income per census pupil in excess of that for the rural municipality of Ethelbert, or $251. In several other municipalities current income would not exceed $721, the estimate for the municipality of Rossburn.

The range in current income per census pupil for seven rural municipalities varied from $405 in Rossburn to $1,877 in Thompson, while in the four urban centres the variation was from

---

[1] Op. cit., p. 61.

$892 in the town of Transcona to $2,542 in the city of Winnipeg. According to the findings of Lawrence, this estimate for the city of Winnipeg would be low. Measured in terms of income, several distinct levels of ability appear: the sub-marginal areas of which Chatfield and Ethelbert were representative; the marginal areas such as Rossburn; the better mixed farming areas like Swan River and Dauphin, and the wealthy wheat farming areas like Thompson, Miniota, and Dufferin. Had income for the poorest

TABLE XLVIII

ABILITY PER CENSUS PUPIL OF RURAL AND URBAN MUNICIPALITIES TO SUPPORT PUBLIC SCHOOLS, MEASURED IN TERMS OF INCOME

Municipality	Total Cash Farm, and Current Village Income per Census Pupil	Current Income per Census Pupil
Strathcona	$1,505	$1,092
Dufferin and Carman Town.	1,686	1,307
Thompson	1,877	1,383
Miniota	1,778	1,275
Dauphin (rural)	987	704
Chatfield	181	...
Rossburn	534	405
Ethelbert	251	...
Swan River and Town	1,264	922
Winnipeg	...	2,542
St. James	...	1,193
Transcona	...	892
Dauphin (town)	...	1,062

suburban municipality about the city of Winnipeg been estimated, the range of ability across urban communities would have assumed similar proportions. Measuring ability on the basis of income makes it evident that there are just as poor urban as rural communities within the province of Manitoba. It shows, also, for normal or prosperous economic periods, that many of the old settled rural municipalities of Manitoba have greater ability than have some towns and suburban municipalities. This is all the more true because of the heavy bonded debt of several suburban centres and towns. The city of Winnipeg, for the period studied, had a margin of ability per census pupil greatly in excess of that for any other municipality, rural or urban, in Manitoba.

Causes of Inequality

In rural Manitoba, productivity of soil and size of school district have been major factors producing differences of ability to support public schools. The municipality of Chatfield with a total cash income of $225 per quarter section of occupied land had a population of 5.44 for the same area, while the municipality of Miniota had a total cash income of $990 per quarter section of occupied land and a population of 2.8. The total cash income per census pupil for Chatfield amounted to $181 and for Thompson to $1,877. During normal times a small school district in the wealthy municipality of Miniota could maintain a standard one-room school with comparative ease, while Barrie school district in the municipality of Chatfield, with an enrolment of over sixty pupils, could operate a one-room school for eight months only, and that with generous provincial aid.

Table XLIX and Figure 13 depict the situation for four neighboring school districts in the rural municipality of Dauphin and bring all the factors into relation. In 1929, the assessment

TABLE XLIX

DIFFERENCES IN SIZE, PRODUCTIVITY, AND ENROLMENT OF FOUR SCHOOL DISTRICTS IN THE RURAL MUNICIPALITY OF DAUPHIN

District	Area in Quarter Sections	Average Assessment per Quarter Section	Total Enrolment	Number of Teachers
Rigby	40	$1,240	25	1
Sandringham	78	1,050	16	1
Wilson River	67	1,910	65	2
Trembowla	68	1,140	79	2

per quarter section of occupied land in the school district of Rigby amounted to 118.1 per cent, and the area to 51.2 per cent of that for the bordering school district of Sandringham; the enrolments for each were 25 and 16 respectively. The assessment per quarter section of occupied land for the school district of Wilson River was 167.5 per cent and the area 98.6 per cent of that for the bordering school district of Trembowla. The enrolment was 65 and 79 respectively and each district operated a two-room school. Similar differences in ability due to the presence of one or more of the factors mentioned are not uncommon in rural Manitoba.

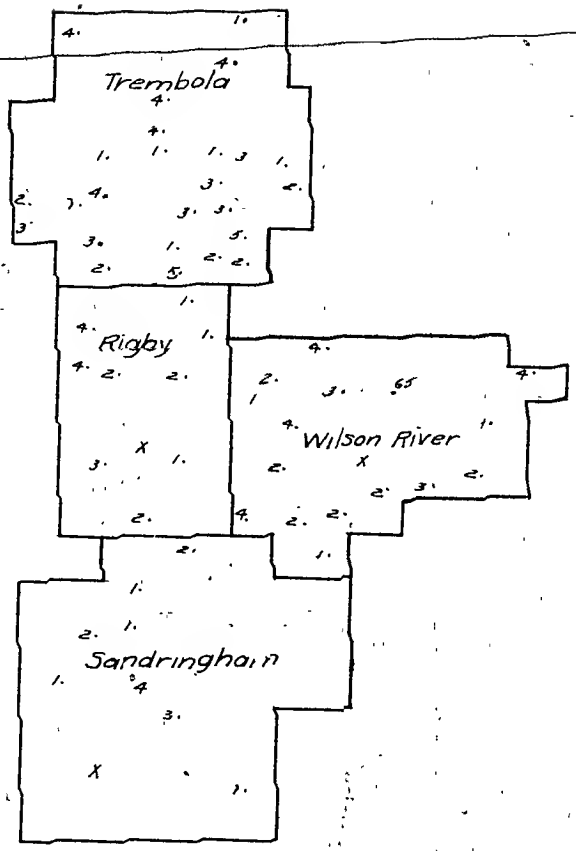


Fig 13 — Showing the distribution of school population and area of the Trembola, Rigby, Wilson River and Sandringham school districts in the rural municipality of Dauphin
Figures indicate the residence and number of pupils
X Location of school.

Differences in the ability of urban school districts may be due, among other factors, to location, to the size of the district, to the industrial or business enterprises located therein, or to the salary and wage levels of residential districts.

Because the town of Dauphin is suitably located for becoming the business and railway centre of a wide area in northern Manitoba, it has developed a large retail and professional business. The construction of highways has extended its retail business influence for many miles, to the detriment of business in neighboring towns and villages. Up to the month of May, 1932, it had scarcely suffered from the present economic depression. The salary and wage earnings amounted to approximately $1,050,000 in 1932. The municipal payments to the school district for the school year 1929-1930 amounted to $71,058. A rate of 6.77 per cent of the salary and wage earnings of 1932 would have accounted for the local school bill of 1929-1930. Yet, rented residential and business properties, upon which taxes were levied, produced little or no net income.

Winnipeg is the one large city in Manitoba. It participates extensively in the retail trade within a radius of at least one hundred miles. Moreover, the large departmental stores have prevented extensive development of the retail trade in suburban municipalities. Except for the school districts of Norwood and Fort Whyte, suburban municipalities about the city of Winnipeg have no tax-paying industrial concerns of any magnitude. One large cement plant in Tuxedo and the residential property of the owning company enables the school district of Fort Whyte to finance its obligations without great effort. On the other hand, there are several residential suburbs about Winnipeg the residents of which belong to the medium or lower salaried and wage earning classes. Brooklands, inhabited by wage-earning people, is an exaggerated case. The comparatively well-to-do city of Winnipeg, with its wide open spaces, includes the large business and industrial enterprises of the metropolitan area, as well as the majority of those people of large income, resident in the province of Manitoba.

The analysis of the data presented in this chapter indicates very clearly that the district system of school finance, by limiting the use of school revenue largely to the area over which the school tax is levied, is a fundamental cause of the existing variations in the ability of communities to provide for the public schools system. The following quotation from the report of a recent survey of school finance in the United States adequately summarizes the whole problem of differences in ability:

"The degree of these inequalities varies, of course, from state to state. A state which is largely agricultural and

has few extremes in the value of farm property will vary less than a state which has a diversity of occupations. Again, a state divided into comparatively large land taxing districts will reveal fewer extreme differences in ability to pay than states with small taxing districts. The ability of a district to pay taxes is, of course, determined by the nature of the property inclosed by district lines. The smaller the units, the greater the opportunity for extremes of wealth in individual districts. The larger the district, the less probable it will be that any given district will be extremely wealthy or extremely poor."[1]

Differences in ability, due to the causes cited in this chapter, are widespread in the province of Manitoba. Closely associated with these differences are the variations in effort made to maintain either the minimum or the more extended program of the various school districts. The problems of inequality of effort will be studied in Chapter XII.

---

[1]Paul R. Mort and others, State Support for Public Education, p. 137. Washington, D.C.: The American Council on Education, 1933.

CHAPTER XII

EFFORT TO SUPPORT PUBLIC SCHOOLS

Method of Treatment

The effort made by school districts in rural municipalities was measured in terms of $100 of the equalized assessment. As explained in Chapter XI, assessment was the only basis available upon which to estimate either the ability or effort of a school district. The effort made by rural, suburban, and urban municipalities was measured in terms of $100 of the current income per census pupil. The argument advanced in Chapter XI for using the census pupil as the unit of measure of ability would apply with equal force as a measure of effort.

The amount of money paid by municipalities to school districts during the school year ending June, 1930, and the amount levied for school purposes in the year 1929, were used in different situations to calculate the amounts raised by school districts. As some low-assessment municipalities have been permitted to pay to schools the actual monies collected for school purposes, the total amount paid to school districts in these municipalities would be a more accurate measure of effort than would the levy. Payments to schools were omitted when they were made from extraordinary municipal loans. To prevent an error from this source, school receipts for all school districts studied were checked for two and, in some instances, for three years. For low-assessment municipalities the amounts paid to school districts were taken from the audited Annual Reports of school districts forwarded to the Provincial Department of Education.

Under normal conditions, and in areas where the municipalities have been functioning normally, it has not been the practice to separate school from other tax receipts. Accordingly, information was not available in many municipalities for the actual amount of school taxes collected within the school district areas. Under these circumstances the amount of the school levy upon the school district was the only sum available. In such instances, the tax rate upon $100 of the equalized assessment was taken as the measure of effort for the school district. To arrive at the school district levies for these municipalities, the General Municipal and special school rates and the local assessments of

school districts were obtained from the secretary-treasurers of rural municipalities and the amount of the general and special school levies were calculated for each school district.

Tax Rates in Ungraded Rural Schools

Table L includes the tax rates for one hundred and seventeen ungraded rural schools of ten rural municipalities for the year 1929. The rates were estimated on $100 of the equalized assessment. The table reads as follows: Five ungraded school districts in the rural municipality of Chatfield had a tax rate of between $2.75 and $3.00 per $100 of the equalized assessment.

School districts in low- and high-assessment municipalities fall into two distinct groups, high and low tax rates respectively. Although there was considerable variation within each group, it was not so marked as that between groups and over all municipalities.

Tax rates in the school districts of low-assessment municipalities varied from 12.7 mills on the equalized assessment for Charlton school district in Coldwell municipality to 33 mills on the equalized assessment for Mayfair school district in Chatfield municipality. Tax rates in the high-assessment rural school districts varied from 4.8 mills on the equalized assessment in Brenda municipality to 18.3 mills on the equalized assessment in Dauphin rural municipality. The variation within the Dauphin municipality was from 6.4 mills to 18.3 mills. The variation over 117 school districts was from 4.8 mills in Brenda municipality to 33 mills in Chatfield municipality. The mean tax rate on 55 ungraded school districts in the low-assessment group was 19.9 mills on the dollar of the equalized assessment and 8.9 mills for 62 ungraded school districts in high-assessment rural municipalities.

Tax Rates in Graded School Districts

The tax rates for graded schools were estimated on $100 of the equalized assessment. All the non-union graded school districts, 55 in number, located within twenty-three rural municipalities, were included and all graded schools included were situated in municipalities in which some phase of agriculture was an important industry.

The frequency distribution of tax rates for graded schools and the means for five groups are compiled in Table LI. The table reads as follows: One graded school district in the rural municipality of Armstrong had a tax rate between $4 and $4.5 on $100 of the equalized assessment. The outstanding fact shown by these

TABLE L

TAX RATES ON $100 EQUALIZED ASSESSMENT IN THE UNGRADED RURAL SCHOOLS OF TEN RURAL MUNICIPALITIES

Range of Tax Rates on $100 of the Equalized Assessment	Low-Assessment Rural Municipalities					Total	High-Assessment Rural Municipalities					Total	Grand Total
	Chatfield	Caldwell	Eriksdale	Ethelbert	Glenella		Brenda	Dauphin	Roland	Shell River	Strathcona		
0 - .25	..	..	..	..	..	0	..	..	..	..	..	0	0
.25 - .50	..	..	..	..	..	0	3	..	3	..	1	7	7
.50 - .75	..	..	..	..	..	0	5	2	4	..	3	14	14
.75 - 1.00	..	..	..	..	..	0	3	14	1	1	1	20	20
1.00 - 1.25	..	..	..	..	..	0	..	9	1	1	1	12	12
1.25 - 1.50	..	4	..	..	3	7	..	2	..	3	..	5	12
1.50 - 1.75	..	2	9	4	2	17	..	2	..	1	..	3	20
1.75 - 2.00	..	..	..	5	1	6	..	1	..	..	..	1	7
2.00 - 2.25	..	1	1	4	5	11	..	..	..	..	..	0	11
2.25 - 2.50	..	2	1	2	1	6	..	..	..	..	..	0	6
2.50 - 2.75	..	..	..	..	1	1	..	..	..	..	..	0	1
2.75 - 3.00	5	..	..	..	..	5	..	..	..	..	..	0	5
3.00 - 3.25	1	..	..	..	..	1	..	..	..	..	..	0	1
3.25 - 3.50	1	..	..	..	..	1	..	..	..	..	..	0	1
3.50 - 3.75	..	..	..	..	..	0	..	..	..	..	..	0	0
3.75 - 4.00	..	..	..	..	..	0	..	..	..	..	..	0	0
4.00 - 4.25	..	..	..	..	..	0	..	..	..	..	..	0	0
4.25 - 4.50	..	..	..	..	..	0	..	..	..	..	..	0	0
Total....	7	9	11	15	13	55	11	30	9	6	6	62	117
Mean.....	..	..	..	..	..	1.99	..	..	..	..	..	.89	1.41

TABLE LI

TAX RATES ON $100 EQUALIZED ASSESSMENT IN FIFTY-FIVE GRADED SCHOOLS OF TWENTY-THREE RURAL MUNICIPALITIES OF MANITOBA, 1929

Range of Tax Rates on $100 of Equalized Assessment	Low-Assessment Rural																Total	High-Assessment Rural													Total, High Assessment Rural	Grand Total	Total High Assessment Consolidated	Total High Assessment Non-Consolidated
	Armstrong	Bifrost	Chatfield	Caldwell	Eriksdale	Ethelbert	Glenella	Mossey River Winnipegosis	Pitney	Siglunes	Spregue		Brenda	Dauphin	Dufferin and Carman	Hamiota Village	Pembina and Manitou	Pipestone	Rossburn	Roland	Shell River and Roblin	St. Clements	Strathcona	Thompson							
.5 - 1.0												0	2																8	8	3	5
1.0 - 1.5												0	2	3		1	1	4	1					1					14	14	4	10
1.5 - 2.0												0			2	2													7	7	3	4
2.0 - 2.5		1	2	2	1				1		1	8			1					1	1	3							4	12	3	1
2.5 - 3.0		1										1					2		2		1								3	6	2	0
3.0 - 3.5						1		1			1	3																	0	2	0	2
3.5 - 4.0		1					1			1		2																	0	3	0	0
4.0 - 4.5	1						1	1				3																				
Total...	1	3	2	2	1	1	1	2	1	1	2	17	4	3	3	5	3	5	3	2	2	5	1	2					38	55	16	22
Mean...	..	..	..	..	..	..	..	..	..	..	..	2.98	..	..	..	..	..	..	..	..	..	..	..	..					1.58	2.01	1.75	1.45

comparisons is the exceedingly high rate prevailing in the graded school districts of low-assessment areas when compared with those for the high-assessment group of municipalities. The mean tax rate for seventeen graded school districts in low-assessment municipalities was 29.8 mills, while that for thirty-eight graded schools in high-assessment municipalities was 15.8 mills on each dollar of the equalized assessment. The mean tax rate for non-consolidated graded school districts was 14.5 mills, and for consolidated graded schools 17.5 mills.

Tax Rates in the Graded and Ungraded School Districts of Rural Municipalities

The data contained in Tables LI and LII indicate very clearly that tax rates for schools within the same community are higher for graded than for ungraded rural schools. The average mill rate on the equalized assessment for 55 graded schools was 20.1, while that for 117 ungraded rural schools was 14.1 mills on the dollar. The average mill rate was higher for graded school districts whether in the low or high assessment areas. This was due not only to the larger school enrolment in relation to the size of the district, but also to the desire to make better provision by way of more experienced teachers and by providing facilities for secondary education. In districts where two rooms were provided to accommodate a large enrolment, the effort was frequently made on an assessment no greater than that of the adjoining one-room school districts. Graded schools in villages add additional accommodation and provide for other costs to meet the demands for secondary school classrooms without a proportionate increase in the wealth of the district. The consolidated school district has been a great equalizing agent in this respect, in that it has added to the urban centres a much larger area of farm lands and distributed the burden, due to increasing enrolment and secondary education, over a much broader assessment base.

Combined Efforts of All School Districts in Thirteen Municipalities, Measured in Terms of Income

The relation between effort and income per census pupil is shown in Table LII and illustrated in Figures 14 and 15. It was necessary once more to combine total cash income from farm lands with current income from villages and towns in order to view the effort made by sub-marginal rural municipalities. The variation in effort for nine rural municipalities, typical of income conditions in rural Manitoba, ranged from $20.06 per census

pupil in the municipality of Chatfield to $89.09 per census pupil in the Miniota Municipal School District. However, in general, the tax rates as indicated by the per cents which the effort made was of the income per census pupil, were in reverse order. Municipalities with a low income and small effort, measured in dollars, paid

TABLE LII

EFFORT PER CENSUS PUPIL MADE BY RURAL AND URBAN MUNICIPALITIES TO SUPPORT PUBLIC SCHOOLS, 1929-1930

Municipality	Local Effort per Census Pupil	Tax Rates on $100 of Total Cash Farm and Current Village Income per Census Pupil	Tax Rates on $100 of Current Income per Census Pupil
Strathcona	$48.75	3.24	4.46
Dufferin and Carman Town	63.45	3.76	4.85
Thompson	64.36	3.43	4.80
Miniota Municipal School District ..	89.09	4.06	5.67
Dauphin (rural)	42.39	4.29	6.02
Chatfield	20.06	11.08	...
Rossburn	36.36	6.81	8.98
Ethelbert	21.81	8.69	...
Swan River and Town.	56.52	4.47	6.13
Winnipeg	67.86	...	2.68
St. James	42.46	...	3.56
Transcona	32.76	...	3.65
Dauphin (town)	55.86	...	5.26

the highest rates on income per census pupil. The Miniota Municipal School District was the one exception. The marginal municipality of Rossburn made an effort 1.68 times that of the Miniota Municipal School District, while the sub-marginal municipality of Chatfield made an effort 3.4 times as great as that of Strathcona and 2.1 times as great as that of Miniota. Of the four urban centres studied, the tax rate of 2.68 per cent of current income for the city of Winnipeg was the lowest, while that for Dauphin, 5.26, was the highest. Even the town of Dauphin did not find it necessary to make as great an effort as did the Miniota Municipal School District. The town of Dauphin, the city of Winnipeg, and

Fig. 14 — Tax rates on current village and cash farm income per census pupil for nine rural areas

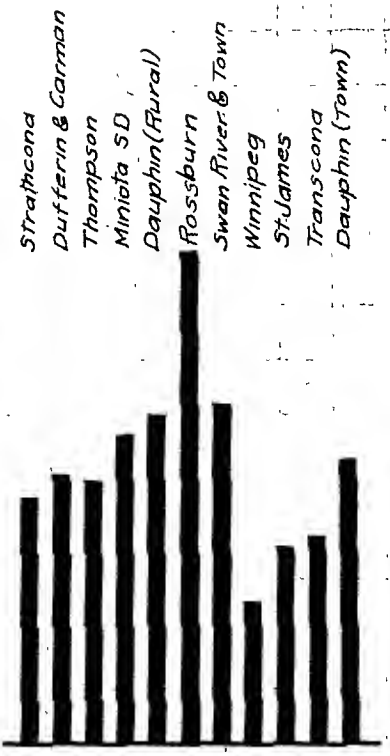


Fig. 15 — Tax rates on current income per census pupil for seven rural areas and four urban centres.

the Miniota Municipal School District, the outstanding rural area, town and city from the standpoint of school provisions, had tax rates on current income per census pupil in the ratio of 2.81, 2.00 and 1.00 respectively. The town of Transcona provided only 77 per cent as much money per census pupil, but paid a slightly higher tax rate on current income than did the residential suburb of St. James.

Neither the effort made by the town of Dauphin nor its educational provisions was typical of that for the smaller towns and villages of Manitoba. It would be generally true throughout the province that the effort made by towns and villages was higher and the school facilities poorer than that for Dauphin town. By apportioning current farm income in the municipality of Dufferin to the 3,200 acres of farm lands included in the school district of Carman and adding thereto the current income for the town, the writer was able to form an estimate of current income for the school district. The tax rate calculated for the school district of Carman amounted to 6.95 per cent of current income. Carman town had a population of approximately 1,400 in 1926. Both from the standpoint of population and retail business enterprises, the Carman school district was typical of several other urban centres throughout the province. Had it not been for the tendency to retain farm lands in the town school district and to form consolidated school districts, tax rates in small urban centres would be much higher and educational facilities poorer in many of these districts.

The extremes in ability and effort are seen when those for rural and urban municipalities are compared. The city of Winnipeg paid 1.87 times as much per census pupil as did the rural municipality and village of Rossburn, but the effort of the latter in terms of tax rates on current income was 3.35 times that of Winnipeg. The educational provisions of Winnipeg were far in excess of those of Rossburn. The Miniota Municipal School District undertook to bring educational provisions of the highest standard to the children of a rural district and did so at a money cost 1.31 times greater per census pupil than Winnipeg, and a tax rate on current income per census pupil 2.12 times as great.

Factors Influencing Effort to Provide for Public Schools in Manitoba

The data presented in Chapter XI led to the finding that size of district and productivity were major factors in producing inequality of ability to provide educational facilities. The facts presented in this and preceding chapters would indicate

that, in addition, change in school population and the desire to provide facilities for secondary education are important factors influencing the effort made to support education.

It has been shown that enrolment was not a large factor in ungraded schools, except in New Canadian districts and a small number of districts in which the population was of native extraction. In such cases a second room has been added or a new district formed, thereby increasing and even doubling the effort to provide. Increasing enrolment has been a large factor in suburban and urban centres. It was shown in Chapter V that increasing enrolment in the secondary school has increased school costs since 1926. Any significant increase in the number of elementary classrooms has occurred in suburban and urban centres. As a rule, the increased effort in recent years, due to increased enrolment, has added to the cost without compensation in assessment or local school revenue. In rural municipalities the General Municipal Grant has been a compensating factor, but in suburban and urban centres the additional cost has fallen upon the same or reduced tax base and has accounted in part for increasing tax rates.

The desire to bring secondary education to the rural community has been an important factor in the formation of consolidated school districts. It will be shown in Table LIV that 17.1 per cent of the total operating costs for graded schools in high-assessment rural municipalities was for transportation, while the cost of transportation in the municipality of Hamiota and Miniota Municipal School District for 1930 amounted to 35.5 and 33.3 per cent respectively, of all operating costs. Secondary education cost low-assessment graded school districts 25.5 per cent and high-assessment graded school districts 30.5 per cent of all costs except debt service for the year 1930. Fifty-six per cent of the effort made by the Miniota Municipal School District in 1930 met the costs of transportation and secondary education. In other words, the Miniota tax rate on the equalized assessment for 1930 for transportation and secondary education amounted to 8.6 mills, and to 6.8 mills for all other purposes. While the benefits referred to have been brought about through consolidation, the tax rate has been increased to some extent on the original graded school district and to a very considerable extent on the farm lands included in the merged area. Consolidation has served as an equalizing factor in distributing both the benefits and the burden of secondary education in the better agricultural areas and at the same time has widened the difference in effort between the school districts of these areas.

Size of district plays an important part in the effort to support schools, whether the district be graded or ungraded. The

school districts of Rigby and Sandringham were given as illustrations of the effect of size upon ability. The Rigby district had forty, the Sandringham district seventy-eight quarter sections of land and the tax rates were 15.6 and 8.2 mills respectively on the equalized assessment.

The many evidences of inequality of ability and effort shown in this and the preceding chapter indicate the need for a larger measure of equalization within rural municipalities and over the Province as a whole. The general municipal school levy has been referred to as an equalizing factor within the municipality. In Chapter IV of this study an analysis was made of trends in provincial aid to schools. Chapter XIII contains an analysis of the value of the general municipal school levy and provincial grants as equalizing agents.

CHAPTER XIII

ABILITY, EFFORT, AND EDUCATIONAL PROVISIONS

The Method of Treatment

In Chapter XI it was shown that wide differences existed in the ability of school districts in both rural and urban communities to provide for public schools, and in Chapter XII, that differences in effort were equally widespread. An effort will be made in the present chapter to show the relation between these factors and the provisions for education in typical Manitoba communities. In so doing, school districts were grouped according to low-assessment rural, high-assessment rural, town, suburban, and city. This grouping of school districts according to municipalities could be made to show the effects of ability and effort in areas of different assessment valuations. Moreover, the equalizing value of the general municipal grant to schools had partially evened out the differences in the ability of school districts within the municipality. Similarity in assessment was used as the basis to extend this phase of the study beyond those municipalities for which income had been estimated. Current income was used as the basis for a more intensive study and to bring rural and urban communities together for comparative purposes. The more extended study included all school districts within fourteen low-assessment rural municipalities, fourteen high-assessment rural municipalities, six large towns, four suburban municipalities, three small cities, the city of Winnipeg, and the municipal school district of Miniota. The study, based on income, included all schools located within eight rural municipalities, two towns, one suburban municipality, and the city of Winnipeg.

The range in the equalized assessment for ungraded and graded rural school districts in twenty-four of the twenty-eight rural municipalities studied was compiled in Table XLVI of Chapter XI. In general, the assessment for school districts in the low-assessment rural municipalities was below $75,000, and for high-assessment rural municipalities above that amount. No attempt was made to bring rural and urban assessment together for comparative purposes, as they could not be considered equivalent bases for measuring ability.

It was assumed that educational provisions could be shown by means of a study of school costs, the emphasis on various cost items, the qualifications of teachers, the length of the school year, the distribution of pupils by grades and provisions for secondary education. Data pertaining to school costs were taken from the Annual Reports of the auditors for each school district. These reports have been required from each school district by the Provincial Department of Education and were made on special forms prepared by that department. Data concerning enrolment, average attendance, length of school year, and the distribution of secondary education were taken from records on file in the Department of Education. The matter for these records was furnished by the teacher of each classroom semi-annually on specially prepared forms. Data pertaining to secondary school costs was received on a form prepared by the writer, the form being similar to that used by school districts in preparing estimates for municipal councils. All data were collected by the only means available and were as accurate as the method of collecting by prepared report form could make them. Where there appeared to be any doubt as to the information secured, a check was made over several years.

The cost per pupil in average attendance and per teacher per day were used as the units of measure for comparing school costs in different types of communities. Measuring by pupils in average attendance would indicate the actual cost service for each pupil while at school, but would not show the true relation between cost and ability in that it would be equally affected by the sparsity of school population in a sub-marginal area or in a wealthy district of large farm holdings and small families. The municipal school district of Miniota furnishes an example of the latter type of rural area, the average size of farm being 412 acres as compared with 312 for the rural municipality of Thompson. The Miniota school district had an enrolment of 23.5 pupils per classroom while the schools of Thompson municipality had an enrolment per classroom of 26.5 pupils. However, it has been recognized as a reasonably adequate measure where there was similarity in density of population and would be applicable to the urban school districts of Manitoba. The cost per teacher per day, based solely upon the time a school unit was in operation, would present a picture of the effort made during the period of operation. The study of effort would be completed by introducing the length of school year in days, and would be applicable to rural school situations. Both measures have value for the purposes of this study.

School Provisions in Different Types of Communities

An analysis of the amounts expended for the more important divisions of public school activity, while it did not furnish the economic cause for the great disparity in school costs for different localities, gave a view of the distribution of such funds as school trustees had placed at their disposal. Such an analysis would indicate the distribution found necessary in different localities to maintain the standard school provisions required by the statutes of the province and also of such additional school services as local districts were providing. Table LIII shows the distribution of school expenditures for teachers' salaries, all instructional services, transportation and special services, all other operating costs, debenture costs, and for that part of the total school cost devoted to secondary education in communities typical of certain assessment levels.

Teachers' salaries.- While teachers' salaries were the largest cost item in all municipalities, the range for municipal averages was from $702 in the rural municipality of Armstrong to $1884 in the city of Winnipeg. Within all rural municipalities the range in municipal averages for teachers' salaries was from $702 in Armstrong to $1355 in the Miniota municipal school district. In general, teachers' salaries increased in the following order for the six municipal groups: low-assessment rural municipalities, mean $826; high-assessment rural municipalities, mean $1,062; suburban municipalities, mean $1,249; large incorporated towns, mean $1,283; small cities, mean $1,343; and the city of Winnipeg, $1,884. The per cent of all costs spent on teachers' salaries within the six groups was as follows: low-assessment rural, 64.5; high-assessment rural, 52; suburban, 50.7; large incorporated towns, 61.7; small cities, 54.2; and the city of Winnipeg, 55.5 per cent.

The percentage devoted to teachers' salaries in high-assessment rural municipalities was reduced by the large contribution toward transportation, while the percentage of all disbursements for teachers' salaries in suburban areas was reduced by the large current expenditures for operating and debenture costs. Salaries in low-assessment rural municipalities, while they formed the largest percentage for that of any group of municipalities selected, were comparatively low. This was due not only to the presence of the eight-month school term but also to the limited provision made for secondary education, and to the almost entire absence of transportation facilities. The average salary actually paid to 170 rural school teachers of this group for the school

TABLE LIII

THE RELATIVE EMPHASIS ON ITEMS OF COST FOR 2,111 CLASSROOMS IN SEVEN COMMUNITY TYPES IN MANITOBA DURING THE SCHOOL YEAR 1929-1930

Municipality or Group of Municipalities	Average Salary Paid Teachers	Per Cent Item Which Was of Total School Cost				Per Cent Secondary Education of Total Cost
		Instructional Services	Transportation and Special Services	All Other Operating Costs	Debenture Service Costs	
191 classrooms of 14 low-assessment rural municipalities..	$ 826	64.5	2.0	21.3	12.2	9.4
315 classrooms of 14 high-assessment rural municipalities..	1,062	52.0	17.1	21.4	9.5	17.2
111 classrooms of 6 large towns...	1,283	61.7	1.5	22.1	14.7	37.2
224 classrooms of 4 suburban municipalities....	1,249	51.7	...	21.3	27.0	14.5
220 classrooms of 3 small cities..	1,343	54.2	.2	28.3	17.3	20.2
1050 teachers in the city of Winnipeg.....	1,884	55.5	2.3	23.6	18.6	13.2
20 classrooms in the municipal school district of Miniota.....	1,355	44.1	33.3	17.5	5.1	34.6

year ending June 30, 1930, amounted to $778.20, while that for 159 rural teachers in high-assessment rural municipalities amounted to $862.60. There was a greater uniformity of salary paid in the better municipalities and a considerable variation according to the individual municipality in the low-assessment group. Little relation existed between teaching load and teachers' salaries in the rural school districts of the province.

Disbursements for consolidation formed 17.1 per cent of the total costs for the high-assessment group. Debenture costs were low on the average for rural municipalities but exceedingly high in suburban areas. Operating costs per teacher engaged, increased in the following order: low-assessment rural, high-assessment rural, large towns, suburban, small city, and large city municipalities; the cost per teacher ranging from $273.30 to $801 respectively.

Although it was not the purpose of this study to make a detailed analysis of secondary school costs it was important that the burden of this department should be measured and its distribution in relation to income established. Data concerning secondary school costs were secured for the accredited secondary schools of twenty-eight rural municipalities, four suburbs, six towns, and three small cities, a summary of which is given in Table LIV. Transportation costs were eliminated from this summary, as it was a special service and the extra cost entailed could not be apportioned directly on the basis of elementary or secondary education. No allowance was made for the time devoted by the principal to elementary school administration. In all rural municipalities the principals were full-time teachers and as they were not trained supervisors and did not devote much time to supervision, that part of the cost of principal's salary which might have been charged to elementary education would be very small. In the large town, suburban, and city systems, with few exceptions, the secondary school principal was not greatly concerned with elementary school supervision or administration. On the whole, this cost to elementary education was not large in any rural centre and was so variable and difficult to determine that the writer decided to leave it charged to secondary education.

The percentage expended for education in accredited secondary schoolrooms of low-assessment areas was small when compared with that for high-assessment municipalities. The reason was not difficult to determine as there was only one accredited secondary classroom for every 643 pupils enrolled in low-assessment municipalities, while there was one accredited secondary classroom for every 292 pupils enrolled in the schools of high-assessment areas. Six towns had 893 secondary school pupils out of a total

TABLE LIV

SCHOOL COSTS PER TEACHER PER DAY, PER PUPIL IN AVERAGE DAILY ATTENDANCE, LENGTH OF SCHOOL YEAR, AND THE DISTRIBUTION OF PUPILS BY GRADES IN THE SCHOOL DISTRICTS OF SEVEN TYPICAL COMMUNITIES DURING THE YEAR 1929-1930

Municipality or Group of Municipalities	Range in Costs per Teacher per Day	Range in Costs per Pupil in Average Daily Attendance	Length of School Year in Days	Per Cent of Pupils Enrolled in		
				Grades I-IV	Grades V-VIII	Grades IX-XI
191 classrooms of 14 low-assessment rural municipalities.....	$5.84- 8.09	$ 41.45- 76.81	181	65.5	30.1	4.4
315 classrooms of 14 high-assessment rural municipalities.....	5.99-16.32	42.74-150.70	194	55.2	34.0	10.8
111 classrooms of 6 large towns.....	8.88-12.82	50.00- 70.93	197	46.4	33.0	20.6
224 classrooms of 4 suburban municipalities.....	11.86-12.82	60.88- 64.54	198	56.0	35.4	8.6
220 classrooms of 3 small cities.....	12.21-12.42	68.48- 71.70	200	51.3	34.5	14.1
1050 classrooms in the city of Winnipeg.....	17.22	101.45	197	47.3	37.9	14.8
20 classrooms in municipal school district of Miniota.....	16.11	150.70	197	48.1	34.5	17.4

enrolment of 4,338, while four suburban municipalities had 805 secondary school pupils out of a total enrolment of 9,346. In the Miniota municipal school district there were 82 pupils doing secondary school work out of an enrolment of 470. The per cent of the total enrolment attending secondary schools in each of these three situations was as follows: towns 20.3, Miniota municipal 17.5, and suburban municipalities 8.6. Fees were charged for attendance in the Grade XI classes of several suburban school districts. Although other types of educational training and greater opportunity for employment would detract from secondary school enrolment in large cities, tuition fees could be considered one of the several causes for smaller enrolment in the secondary grades of suburban areas.

Table LIV contains a summary of costs per teacher per day, and per pupil in average attendance, the length of school year in days, and the distribution of pupils by grades in seven typical communities during the year 1929-1930. There were marked differences for the forty-four municipalities in aggregate school costs, whether measured by the cost per teacher per day or by the pupil in average daily attendance. Costs in low-assessment rural municipalities ranged from $5.84 for Eriksdale to $8.41 for Glenella, with Ethelbert near to the median position at $7.32 per teacher per day. Costs in high-assessment rural municipalities ranged from $5.99 for Dauphin (rural) to $15.65 for Miniota municipal school district, with Strathcona near to the median position at $9.95 per day. Costs in large incorporated towns ranged from $8.85 for Minnedosa to $12.82 for Dauphin, with Virden near to the median position at $10.01 per day. Costs were approximately the same per teacher per day for all three small cities, with Portage la Prairie at the median with $12.21. The town of Dauphin could be placed in the small-city group, as it approached Portage la Prairie in population, had most of the educational services common to the small cities, and fell into that group when measured by costs per pupil in average daily attendance. Costs per teacher per day for the city of Winnipeg were higher than that for any other municipality in the province and were approximated only by those for the municipalities of Hamiota, Miniota, and Shell River where a large part of each municipal area was consolidated and provided facilities for secondary education up to Grade XII.

The range in length of school year did not vary greatly on the average for typical communities, but a further examination showed that the reduction in time for low-assessment municipalities was due to the presence of a number of short-time schools which did not have sufficient funds to operate for the full school year of ten months.

An examination of the qualifications of 125 teachers in low-assessment rural areas, a sampling in high assessment rural areas, 92 in suburban municipalities, and all in Miniota and all in the city of Winnipeg showed that 80, 78, 66, 50, and 50 per cent respectively had only second class professional certificates. Apart from the municipal school district of Miniota, school districts in the rural municipalities of Manitoba have been slow in recognizing the importance of well qualified teachers. The suburban municipalities showed some improvement, but of the areas examined, only in Miniota and the city of Winnipeg did the number having higher qualifications than second class reach fifty per cent of the total. It could not be said of many municipalities in Manitoba that there was a direct relation between teacher qualifications and ability. However, it could be said of those municipalities which did seek better qualified teachers that they were among the wealthier.

Analysis of the distribution of pupils enrolled showed the greatest enrolment in Grades I-IV and the least in Grades IX-XI, in the low-assessment, suburban, and high-assessment rural municipalities in the order mentioned. The reasons for this became more apparent when a study was made of nationality and income in selected municipalities.

Income and School Provisions in Twelve Rural and Urban Municipalities in Manitoba

Statistical data concerning income, nationality, school costs, length of school year, and the grade placement of pupils in eight rural and four urban municipalities are compiled in Table LV. Figures 14 and 15 of Chapter XII show the tax rates on current income, while Figures 16 and 17 of the present chapter illustrate the relation between income per census pupil and school costs per teacher per day.

Of the twelve municipalities studied, Chatfield alone had a short school year, yet Chatfield paid the highest tax rates on income. Under the Regulations of the Advisory Board a school district was required to operate its school during all the teaching days of the school year. Low income and high tax rates on income, rather than nationality, produced the short school year in the municipality of Chatfield where a number of schools did not operate for more than 160 days during each of several years. A comparison of nationality and of grade placement of pupils for the municipalities of Chatfield and Rossburn showed that 87.2 and 82.3 per cent of the people were of non-English extraction while 82.5 and 69.3 of the pupils were enrolled in Grades I-IV for each municipality respectively. The small difference in the per cent

TABLE LV

RELATION BETWEEN INCOME, POPULATION, SCHOOL PROVISIONS, AND THE GRADE PLACEMENT OF PUPILS

Municipality	Cash Farm and Current Village Income per Census Pupil	Current Income per Census Pupil	Per Cent Population English Extraction in 1921	Costs per Teacher per Day	Length of School Year in Days	Per Cent of Pupils Enrolled in		
						Grades I-IV	Grades V-VIII	Grades IX-XI
Strathcona.....	$1,505	$1,092	88.1	$ 9.95	199	48.9	40.4	10.1
Dufferin and Carman.....	1,686	1,307	84.9	10.53	199	51.3	35.9	12.8
Thompson.....	1,877	1,383	86.0	9.02	200	49.3	33.5	17.2
Miniota S.D. ...	1,778	1,275	93.1	15.65	197	48.1	34.5	17.4
Dauphin (rural)..	987	704	36.7	5.99	200	63.9	33.4	2.7
Chatfield.....	181	...	12.8	6.33	172	82.5	17.5	0
Rossburn.....	534	405	17.7	6.77	200	69.3	25.1	5.6
Ethelbert.....	251	...	1.4	7.32	197	67.9	26.7	5.4
Winnipeg.....	...	2,542	...	17.22	197	47.3	37.9	14.8
St. James.....	...	1,193	...	11.96	196	53.9	36.3	9.8
Transcona.....	...	892	...	9.56	197	50.9	38.1	11.0
Dauphin (town)..	...	1,062	81.5	12.82	196	49.8	32.8	17.4

Fig 16 — Current income per census pupil in six rural and four urban municipalities

Fig 17 — Cost per teacher per day in all schools of eight rural and four urban municipalities

of population of non-English origin compared with the significantly larger difference in the grade placement of pupils in the municipalities of Chatfield and Rossburn would indicate that factors other than nationality were in operation even at the junior grade level. Without doubt, low income in Chatfield was in a measure responsible for the entire absence of secondary school facilities and in part, at least, for the grade placement of pupils below that level.

There was a marked relation between income per census pupil, tax rates and school costs per teacher per day. For the municipalities of Strathcona, Dufferin and Carman, and Thompson income per census pupil, tax rates on income, and school costs were similar in amount. The Miniota municipal school district, with an income below that of Thompson, paid a higher tax rate and had a larger cost. The difference in school tax rate between the two was a difference of effort rather than of ability. Rossburn had a low rate of income, the highest tax rate for eleven rural and urban municipalities, and the lowest cost. The city of Winnipeg, with the highest income and the lowest tax rate had the highest cost per day of all. The relation between income, tax rates, and school costs was quite apparent, for the three smaller urban municipalities of St. James, Transcona, and Dauphin town.

From the evidence presented in the general survey of forty-four rural and urban municipalities, and the comparison in the basis of income for twelve rural and urban municipalities, certain deductions may be made. In general, the school provisions were similar for communities of similar ability; the high-assessment rural areas and municipalities of larger income made better provision and held the pupil population in school longer than did the poorer. In so far as costs were concerned the same was true of urban centres. In rural areas only the wealthier districts made extensive provision for Transportation and Secondary Education. The grade placement of pupils in different municipalities showed that wealth was an important factor. With the exception of the rural municipality of Miniota, the smaller urban centres made more extensive provision for education in relation to their income than did the wealthier rural municipalities.

The evidence presented in this study would warrant the general conclusion that for the Province of Manitoba during the period 1925-1929, the wealthier school districts spent more per pupil, paid higher salaries, employed teachers with higher qualifications, made greater provision for secondary education, and had the lowest tax rates, in brief, that inequality of educational opportunity was due more to inequality of ability than to any

other single factor.

The equalizing value of distributive grants, either within the municipality or over the province as a whole, will be studied in Chapter XIV.

CHAPTER XIV

THE GENERAL MUNICIPAL SCHOOL GRANT AND PROVINCIAL AID AS EQUALIZING AGENTS

Chapter III dealt with provincial aid to school districts and the method of its distribution. Attention was also directed to the local machinery of school finance in Manitoba. Special mention was made of the general municipal grant raised by levy upon all real property within a municipality without regard to school district boundaries and distributed to school districts on the basis of $3.60 per teacher per teaching day. The present chapter presents a study of the equalizing value of the general municipal grant and of provincial aid to schools.

The General Municipal School Grant

The effect of the general municipal levy for schools may be judged more readily if seen operating in typical municipal situations. For this purpose the collection and distribution of the levy across the school districts of three municipalities was studied -- the rural municipality of Dauphin in the north-central part of Manitoba, and Thompson and Dufferin in the south-central part. These municipalities contain lands of the mixed farming and grain growing types. Districts in sub-marginal rural areas were not introduced, as adjustments were being made which had the effect of nullifying the operation of the Municipal Act in regard to the levying and distribution of school taxes. Data concerning assessments and tax rates were secured from the secretary-treasurer of each municipality and the levies at the general municipal rate for 1929 were calculated for twenty school districts in the municipalities of Dufferin and Thompson; and at the general municipal rate for 1930, in twenty-four school districts in the municipality of Dauphin.

Tables LVI and LVII contain statistical data pertaining to the distribution of the general municipal school levy over these municipalities and school districts. For each school district is shown the number of teachers, the assessment, the contribution to the general municipal grant, the grant paid to each district from the general levy, the amounts which the wealthier districts contributed above their own district needs, and the amounts which

TABLE LVI

SCHOOL DISTRICT PAYMENTS TO AND RECEIPTS FROM THE GENERAL MUNICIPAL GRANT ON A FIFTEEN-MILL RATE FOR TWENTY-FOUR SCHOOL DISTRICTS IN THE RURAL MUNICIPALITY OF DAUPHIN FOR 1930

School District	No. of Teachers	Assessment per School District	Contribution per School District to General Municipal Grant	Grant per School District on Teacher Quota Basis	Contribution to Municipal Grant Above School District Quota	Receipt from Grant Above District Payment Thereto
Dauphin.....	1	$80,380	$ 1,205	$ 720	$ 485	...
Gartmore....	1	74,790	1,420	720	400	...
Wilson River	2	128,205	1,923	1,440	482	...
Sandringham.	1	76,000	1,140	720	420	...
Spruce Creek	1	65,200	978	720	258	...
Mountview...	1	81,440	1,221	720	501	...
Trembowla...	2	77,770	1,166	1,440	...	$ 284
Mayflower...	1	58,900	883	720	163	...
Dickson.....	1	75,624	1,134	720	414	...
Melton.....	1	36,870	553	720	...	167
Oukrania....	1	59,480	892	720	172	...
Burrows.....	1	84,270	1,263	720	543	...
Fishing-River.....	1	45,610	684	720	...	36
Mink River..	1	26,290	394	720	...	326
Podolia.....	1	38,425	576	720	...	144
Kosiw.....	1	39,250	588	720	...	132
Banks.....	1	50,435	752	720	32	...
Halley.....	1	56,755	794	720	74	...
Mountain Stream....	1	33,670	505	720	...	215
Wycliffe....	2	63,630	954	1,440	...	486
Paulson.....	1	47,675	715	720	...	5
Rigby.....	1	49,900	748	720	28	...
Durston.....	1	67,710	1,015	720	295	...
Valley Village...	1	36,770	767	720	47	...
Total...	27	.....	$22,260	$19,440	$4,315	$1,795

other districts received from the general municipal levy above their contributions to it.

Taxes on farm lands in the Dauphin municipality for the highest assessed quarter section in ten school districts, varied from forty-five dollars to one hundred and ninety dollars. Owing to the large amount of arrears of taxes and to the fact that the municipality was responsible for the general grant to schools, the council found it necessary in 1930 to raise the general rate by one mill on the dollar to meet payments to schools. This had also been necessary in 1929. Table LVI shows the amount levied under the general tax rate of fifteen mills on twenty-four non-union districts. Union and drainage districts were not included. Fifteen of the twenty-four school districts were levied on to the extent of $4,315 above their school needs, while provision was made in the levy to provide for nine districts the sum of $1,794 above the amount which they would contribute to the general fund. On the Gartmore district there was levied $400 more than the district estimates. Levies in this district ranged from $48.00 to $152.00 per quarter section; the general tax from $18.30 to $49.50 per quarter section and the payments on the general levy above school district needs from $5.50 to $17.85 per quarter section. In addition to the requirements under the general municipal tax, there was levied the sum of $2,880, or 13.5 per cent of the normal levy, to take care of arrears of taxes.

Table LVII contains statistical information for twenty school districts in the municipalities of Dufferin and Thompson. The distribution of the general school tax shows that eleven school districts contributed $3,398 more than their needs to the general fund, while nine received the amount of $2,809 more than was levied upon them. Two low-assessment rural school districts and two small consolidated school districts received considerable amounts. The Garnet school district contributed $566 more than its requirements, the Forest school district $460, and the Homewood school district $460, or an average of approximately eight dollars per quarter section over all lands in the three districts. This could not be considered a heavy burden on the high-assessment lands of these municipalities as they were well established and without heavy debenture indebtedness. The sum of $2,082, or 9.1 per cent of the normal requirements, was levied to meet arrears of taxes.

Without doubt, the general municipal school levy has been an important equalizing agent within the rural municipalities of Manitoba. Dr. George A. Works commented on it as follows in the report of the Educational Commission:

"In many of our states you will find that the district

TABLE LVII

SCHOOL DISTRICT PAYMENTS TO AND RECEIPTS FROM THE GENERAL MUNICIPAL GRANT FOR TWENTY SCHOOL DISTRICTS IN THE RURAL MUNICIPALITIES OF THOMPSON AND DUFFERIN FOR THE YEAR 1929

School District	No. of Teachers	Assessment per School District	Contribution per School District to General Municipal Grant	Grant per School District on Teacher Quota Basis	Contribution to Municipal Grant Above Teacher Quota	Receipt from Grant Above Payment Thereto
Boyne.....	1	$206,740	$ 982	$ 720	$ 212	...
Kilmory.....	1	150,730	715	720	...	$ 5
Albert.....	1	230,890	1,096	720	376	...
Forest.....	1	248,480	1,180	720	460	...
Garnet.....	1	270,860	1,286	720	566	...
Broad Valley	1	185,760	882	720	162	...
Homewood....	1	248,490	1,180	720	460	...
Emberly.....	1	67,620	321	720	...	399
Sharon.....	1	145,560	951	720	231	...
Rosebank....	2	252,895	1,652	1,440	212	...
Opawaka.....	1	157,860	1,032	720	312	...
Lloyd George	1	108,430	709	720	...	11
Milton.....	1	170,860	1,117	720	394	...
Eldorado....	1	92,770	587	720	...	133
Mount Nebo..	1	62,510	408	720	...	312
Mt. Glen....	1	112,100	733	720	13	...
Miami Cons'd....	4	622,225	4,038	4,320	...	282
Stephenfield Cons'd....	2	173,670	864	1,440	...	576
Roseisle Cons'd....	2	250,320	1,264	2,160	...	896
Greysville Cons'd....	4	549,721	2,685	2,880	...	195
Total...	29	.....	$23,682	$21,600	$3,398	$2,809

remains as the only local unit of taxation. Manitoba has made a distinct advance over this condition in making provision for the levy of a liberal minimum municipal tax for school purposes."[1]

If the general municipal levy for schools proved a hardship in some instances, it was not because of the amount levied on the strong to assist the weak but rather because of the compulsory clause which compelled the municipalities to collect more than twice as much from the strong as the weak. The problem lies deeper than even this and finds its cause in the operation of the property tax on land. In times of depression, tax arrears increase to an alarming extent and the burden of arrears descends upon the best lands within the municipality. This was felt particularly in low-assessment municipalities where the per cent of highly assessed land was small; it was felt to a degree in municipalities with a noticeable acreage of marginal or sub-marginal land. It has been a combination of the general school levy and tax arrears, plus all other taxes, rising above the ability of the income of the community to meet all, that has produced the difficulty. This does not condemn the principle underlying the general municipal levy, but rather, established further, that there is a limit to which the tax on real property may be utilized as an equalizing factor. The general municipal school levy should have been varied in size from municipality to municipality and according to general economic conditions; provincial aid, derived from sources other than property, should have been thrown in to equalize the burden.

Provincial Aid as an Equalizing Agent

Legislation governing the distribution of provincial aid to schools was outlined in Chapter IV of this study. The principles of distribution underlying the various provincial grants to public schools may be restated to advantage once more. During the past decade, legislation governing the distribution of provincial grants has shown a tendency to recognize both ability and effort. The more recent legislation has particularly stressed the recognition of ability. The legislative grant per teacher employed was based upon the old established custom of distributing aid without regard to the wealth of a district or to the effort which a district made. The conditions under which such a grant might or might not operate equitably will be discussed and the effect of this method of distributing provincial aid, under

---

[1]Report of the Educational Commission, p. 125. Winnipeg, Manitoba: King's Printer, 1924.

conditions existing in Manitoba, noted. Secondary school, transportation, and all special service grants have been distributed in recognition of the effort to extend and to improve school services, but not on the basis of ability to provide. The assessment, unorganized territory, and special aid grants were distributed largely on the basis of ability to provide in order to ensure minimum school standards. Except in the case of the few districts doing secondary school work, located in low-assessment municipalities, these grants did not take into consideration ability, above that required to provide minimum standards for the elementary grades. The general effect of all provincial grants and the effect of the more important individual grants will now be studied.

The Method of Treatment

The growing tendency in the province to recognize the municipality as a unit of school finance makes it important that the equalizing effect of provincial aid be seen in relation to that unit. In fact, the distribution of provincial aid may be seen for the whole province through the study of its operation within municipalities. The equalizing effect of provincial aid over municipalities was estimated for both urban and rural groups, and then seen in relation to school districts.

Both the equalized assessment and current income were used as bases for comparing local and provincial aid to the schools of rural and urban municipalities. Equalized assessment was introduced to provide wider scope for study than that of the municipalities for which income had been estimated. Although subject to greater inaccuracy than income, equalized assessment may nevertheless be used to present a rough picture of the weight of the contribution made by either the municipal or provincial units of finance. Local and provincial effort per $1000 of the equalized assessment was used to determine rates. In this instance equalized assessment per pupil enrolled was introduced to indicate the variation in need for assistance.

Cash payments to the non-union school districts by municipalities and by the province for the year 1930 were taken as the amounts of municipal and provincial aid. Payments to schools by municipalities and by the Provincial Government during a normal year represent the actual educational effort made by each, and eliminate from tax levies the error caused by tax arrears. A comparison between the receipts by school districts from both sources shows that they correspond very closely to the total of school costs for municipalities during the same period. The aggregate cash costs for the Miniota municipal school district for

the school year amounted to $61,486 while payments to the school district by the municipality and government totaled $59,440.

Provincial Aid as an Equalizing Factor Within Rural Municipalities

Table LVIII includes statistical data concerning assessments per pupil enrolled, and the rates for local and provincial aid to schools based on each $1000 of the equalized assessment. From this it may be seen that, in general, rural municipalities with the lowest assessment per pupil enrolled, had the highest rates for both local and provincial aid, while it was also generally true that the rates for both local and provincial aid were lowest in the more highly assessed rural municipalities. Although a general tendency existed to raise provincial aid rates in low-assessment municipalities, this aid was not distributed so as to produce uniformity of local effort. Local rates varied from 10.9 mills in Eriksdale to 35.8 mills in Sprague. Eriksdale received the equivalent of 12.6 mills and Sprague 12.9 mills on the equalized assessment. The assessment for the Woodlea municipality was larger per pupil enrolled than that of Armstrong. Almost equal amounts per $1000 were contributed by the province, yet the local rate for Armstrong was double that for Woodlea municipality. In this instance it was not a case of difference in the number of pupils, as they were approximately the same in that respect. It was in part due to the number of classrooms operated, Armstrong having 13 and Woodlea 9, but if grants had been paid on the equalized assessment basis, this inequality in aid would have disappeared. Mossey River and Ethelbert municipalities had very high local rates, 25.3 and 18.7 respectively. Mossey River operated a consolidated one-room and a two-room secondary school, Ethelbert a two-room school. The distribution of provincial aid did not meet the difference in the burden of the larger secondary expenses in Mossey River, nor was it intended that it should do so. Although the assessment grants have done much to equalize ability in low-assessment rural municipalities, and to equalize ability therein when compared with the remainder of the province, much remained to be done in such areas in 1929-1930.

Turning to the high-assessment rural municipalities we see the operation of the uniform legislative and special aid grants. Hamiota, Miniota, and Shell River have made special efforts to provide consolidation and secondary education and, because of this, they received the largest measure of provincial support. Dauphin (rural), St. Clements, and Rossburn had much smaller assessments per pupil enrolled, yet had heavy enrolments

TABLE LVIII

LOCAL AND PROVINCIAL AID TO SCHOOLS COMPARED FOR TWENTY-SIX RURAL MUNICIPALITIES IN THE PROVINCE OF MANITOBA DURING 1929-1930

Municipality	Equalized Assessment per Teacher Employed	Equalized Assessment per Pupil Enrolled	Local and Provincial Aid per $1000 of the Equalized Assessment	
			Local Aid	Provincial Aid
Armstrong.....	$ 19,900	$1,270	27.7	25.9
Bifrost.....	29,700	1,570	16.1	5.4
Chatfield.....	37,630	920	15.0	9.8
Coldwell.....	53,900	2,420	13.8	6.2
Eriksdale.....	38,800	1,700	10.9	12.6
Ethelbert.....	53,400	1,210	18.7	8.3
Lawrence.....	24,100	860	28.4	17.0
Mossey River....	49,500	1,210	25.3	8.1
Piney.....	31,600	1,280	17.2	12.9
Siglunes.....	45,200	1,720	14.4	11.3
Sprague.....	29,500	890	35.8	12.9
Woodlea.....	24,250	1,130	13.9	24.7
Unorganized.....	22,400	626	33.3	25.9
Dauphin.....	98,700	2,870	10.4	1.7
Dufferin.....	207,200	6,680	9.5	1.6
Hamiota.....	157,700	5,830	12.3	3.9
Miniota School District.....	150,210	6,390	15.4	5.1
Pembina.....	132,700	4,600	11.4	2.9
Pipestone.....	171,000	6,140	9.2	2.3
Shell River.....	95,000	2,710	21.5	6.5
St. Clements....	84,900	2,050	13.4	2.3
Roland.....	218,000	7,400	7.8	2.3
Rossburn.....	103,100	2,420	12.0	1.9
Thompson.....	178,000	6,740	8.8	2.3
Strathcona.....	194,900	7,210	7.3	2.5
Brenda.....	144,600	6,040	7.9	1.7

in many of their schools. None of the three had secondary school classrooms above one-room high school standing. They made a larger local contribution per $1000 of the equalized assessment than did the high-assessment municipalities of Dufferin, Thompson, Roland, and Strathcona, yet they received approximately the same aid. Uniform provincial aid thrown in to assist a large assessment enabled the one municipality to make an effort far beyond that which was possible in cases where an equal amount of aid was thrown in to assist a municipality of less ability.

Table LIX includes the assessment per pupil enrolled, and the rate of local and provincial aid for each $1000 of the equalized assessment for seven suburban and urban municipalities. It also includes the rankings for each municipality. Assiniboia is

TABLE LIX

LOCAL AND PROVINCIAL AID TO SCHOOLS COMPARED FOR SEVENTEEN URBAN MUNICIPALITIES IN THE PROVINCE OF MANITOBA DURING 1929-1930

Municipality	Equalized Assessment per Pupil Enrolled	Rank	Local and Provincial Aid per $1000 of the Equalized Assessment			
			Local Aid	Rank	Provincial Aid	Rank
Brooklands....	$ 715	17	35.9	1	34.0	1
E. Kildonan...	1,422	16	27.6	3	2.7	9
Fort Garry (2)	3,026	5	12.4	17	1.2	15
St. James.....	1,454	15	23.7	4	2.5	10
St. Vital (1)	1,575	13	19.0	10	1.5	12
W. Kildonan...	1,461	14	22.0	5	4.1	6
Dauphin (town)	1,670	12	31.2	2	4.4	5
Selkirk.....	1,854	10	19.7	8	3.3	8
Souris.....	1,791	11	17.0	11	4.9	3
Virden.....	1,934	8	19.5	9	5.0	2
Neepawa.....	2,349	7	21.5	6	3.7	7
Minnedosa.....	1,910	9	20.7	7	4.8	4
St. Boniface..	3,996	2	13.4	15	1.4	13
Brandon.....	3,056	4	16.5	13	1.3	14
Portage la Prairie.....	2,714	6	17.6	12	2.6	11
Winnipeg.....	5,503	1	13.4	15	.9	16
Assiniboia....	3,778	3	13.5	14	.9	16

included in this group as it adjoins the suburb of St. James and is somewhat similar in regard to the occupation of its people. Sufficient has already been said about Brooklands, except that in its relation to the other suburban districts it stood somewhat in the same relation as Armstrong did to other rural municipalities. Omitting Brooklands, local rates range from 13.4 mills in St. Boniface and Winnipeg to 27.6 mills in East Kildonan, while provincial aid ranged from .9 mills in Winnipeg and Assiniboia to 5 mills in Virden. Virden and Dauphin were the only two municipalities receiving consolidation grants. All these municipalities except Assiniboia, Fort Garry, and Brooklands gave considerable attention to secondary education. Apart from the legislative grant per teacher, provincial aid was given largely in support of secondary education. Although local rates were uniformly higher in urban municipalities than those of high-assessment rural municipalities, provincial aid was also uniformly higher with the exception of the Shell River, Miniota, and Hamiota municipalities in which an effort had been made to place rural education on an equal footing with that of urban centres. The much larger assessment in cities reduced the rate of provincial aid very materially for these places just as it reduced the local rate. The larger rate of grants for secondary education in the smaller urban centres, in proportion to that for larger centres, magnified the importance of special aid at these points in the system. It is quite evident that grants to secondary education were paid on the basis of effort but did not bear a direct relation to ability.

Local and provincial aid in relation to income.- The equalizing effect of provincial aid to schools may be viewed more generally when seen in relation to income. For this purpose local and provincial aid per census pupil were calculated, and then reduced to tax rates on $100 of current income per census pupil. This procedure enabled the bringing of local ability, local effort, and provincial aid into focus for both rural and urban communities. In order to show the provincial aid in sub-marginal areas there were compiled statistics relating to provincial aid in tax rates on total cash farm and current village income per census pupil. Statistical data pertaining to these and other factors are given in Table LX and illustrated in Figures 18, 19, 20, and 21.

The effect of the distribution of provincial aid to six rural and four urban municipalities may be shown by taking the rural municipality of Rossburn as the basis for comparison. Of

TABLE LX

LOCAL AND PROVINCIAL AID TO EDUCATION MEASURED IN TERMS OF TAX RATES ON INCOME PER CENSUS PUPIL

Municipality	Index of Current Income per Census Pupil 1925 to 1929 Inclusive	Local Aid per Census Pupil 1929-1930	Provincial Aid per Census Pupil 1929-1930	Local Aid in Tax Rates on Current Income per Census Pupil	Provincial Aid in Tax Rates on Current Income per Census Pupil	Provincial Aid in Tax Rates on Total Cash Farm and Current Village Income per Census Pupil
Strathcona.....	2.70	$48.75	$12.35	4.46	1.13	.82
Dufferin and Carman.....	3.23	63.45	9.90	4.85	.76	.59
Thompson.....	3.42	64.36	12.34	4.80	.92	.65
Miniota.....	3.12	89.09	21.66	5.67	1.69	1.22
Dauphin (rural)..	1.74	42.39	4.98	6.02	.71	.51
Chatfield.....	...	20.06	7.42	...	...	4.10
Rossburn.....	1.00	36.36	4.81	7.21	.95	.67
Ethelbert.....	...	21.81	8.79	...	...	3.50
Winnipeg.....	6.28	67.86	4.69	2.86	.19	...
St. James.....	2.94	42.46	3.51	3.56	.21	...
Transcona.....	2.20	32.76	5.02	3.65	.56	...
Dauphin (town)...	2.62	55.86	8.13	5.26	.77	...

Strathcona
Dufferin & Cormon
Thompson
Miniota
Dauphin (Rural)
Rossburn
Winnipeg
St James
Transcona
Dauphin (Town)
2.70
3.23
3.42
3.12
1.74
1.00
6.28
2.94
2.20
2.62
1 2 3 4 5 6 7
Fig 18 — Index of current income per census pupil in 1929-30
Strathcona
Dufferin & Cormon
Thompson
Miniota SD
Dauphin (Rural)
Rossburn
Winnipeg
St James
Transcona
Dauphin (Town)
48.75
63.43
64.36
89.09
42.39
38.06
67.86
42.46
32.76
33.96
10 20 30 40 50 60 70 80 90 100 $
Fig 19 — Local aid per census pupil in 1929-30
Strathcona
Dufferin & Cormon
Thompson
Miniota SD
Dauphin (Rural)
Chatfield
Rossburn
Elphelbert
Winnipeg
St James
Transcona
Dauphin (Town)
12.33
9.90
12.35
21.63
4.98
7.42
4.81
8.19
4.69
3.51
5.02
8.13
10 20 30 40 50 60 70 80 $
Fig 20 — Provincial aid per census pupil in 1929-30
Strathcona
Dufferin & Cormon
Thompson
Miniota SD
Dauphin (Rural)
Rossburn
Winnipeg
St James
Transcona
Dauphin (Town)
4.46
4.85
4.80
5.67
6.02
7.21
2.86
3.36
3.65
3.26
1 2 3 4 5 6 7 8 per Cent
Fig 21 — Local aid in tax rates on current income per census pupil in 1929-30

the ten municipalities, Rossburn had the smallest income per census pupil. Compared with the city of Winnipeg, the current income per census pupil was in the ratio of 1 to 6.28; Rossburn raised .536 as much locally, paid a tax rate on income 2.52 times as great and received 3 per cent more per census pupil than did the city of Winnipeg. A comparison of the provincial aid paid to Rossburn and Miniota shows similar disparity. Miniota had 3.14 times the current income per census pupil, made 3.26 times the effort, had a tax rate on current income only 4 per cent greater, and received from the province nearly twice the tax rate on $100 of current income. It is very evident, in this instance, that provincial aid was distributed without regard to either effort or ability.

The city of Winnipeg and the adjacent suburban municipality of St. James provide material for comparison. Winnipeg, with 2.55 times the current income per census pupil, provided 1.59 times the amount of money, had a tax rate 80 per cent as large, and received approximately the same rate of provincial aid. The disparity between Transcona and Winnipeg was still greater.

This comparison could be pursued indefinitely with similar results. Sufficient has been said to demonstrate that in so far as the marginal and wealthier rural municipalities and the urban communities were concerned, provincial aid was distributed without regard to either effort or ability. The high provincial rate for the Miniota municipal school district was due to grants made for transportation and secondary education; the same could be said of the town of Dauphin when compared with the suburban municipality of St. James.

Analysis of provincial aid to the rural municipalities of Chatfield and Ethelbert shows another principle in operation. Measured on the basis of total cash farm and current village income these municipalities received, from the province, aid amounting to 4.1 and 3.5 per cent of the income per census pupil. Yet, despite this comparatively large rate of grant, the local tax rates for Chatfield amounted to 11.08 per cent as compared with 6.81 for Rossburn and 4.06 for Miniota. A study of the provisions made for education shows that even the large rate of provincial aid given the rural municipality of Chatfield did not provide educational facilities equal to that of marginal, wealthy rural, or urban centres.

Equalizing Effect of the Legislative Grant

A study of the distribution of provincial aid to schools would not be complete without examination of the legislative grant

as an equalizing agent. As formerly stated, this grant was paid, during recent years, at the rate of seventy-five cents per teaching day for each teacher employed. Table LXI includes the tax rates for schools on $1000 of the equalized assessment for 1929, as well as the amount of provincial aid paid to sixteen ungraded

TABLE LXI

TAX RATES IN MILLS ON THE EQUALIZED ASSESSMENT FOR SIXTEEN UNGRADED RURAL SCHOOLS FOR THE YEAR 1929, AND GRANTS PAID TO THE SAME SCHOOLS FOR THE YEAR ENDING JUNE, 1930

Municipality	School District	Tax Rate on $1000 of the Equalized Assessment	Provincial Grants
Dauphin	Fairville	6.4	$136
	Rigby	15.6	126
	Gartmore	7.6	132
	Ripon	17.1	131
	Sandringham	8.2	137
Shell River	Deepdale	14.5	136
	Hillcrest	7.8	154
	Glenedin	15.1	126
Brenda	Addington	8.8	131
Strathcona	Clifton Bank	10.2	161
Roland	Utopia	4.6	131
	Bloomfield	10.9	127
Glenella	Grassy Marsh	13.7	142
	Herriott	23.3	125
Coldwell	Chalton	12.7	213
	Camper	24.0	184

rural schools, widely distributed over the province, during the school year ending June 30, 1930. The school districts selected from each municipality represented those having low or high tax rates. Although the tax rates would not give a true picture from one municipality to another they would be comparable within the same municipality. The municipalities in which these districts were located were representative of low- and high-assessment areas. The extremes of tax rates within each municipality show a wide range of effort; in Dauphin, from 6.4 to 17.1; in Shell River

from 7.8 to 15.1. Even in the low-assessment districts of Coldwell municipality the range was from 12.7 to 24.0. Similar variations could be shown to exist within the majority of the rural municipalities of the province, no matter what the nature of the assessment or the income of the area.

Without regard for this variation in effort the legislative grant showed a variation for fourteen districts from $125 in Herriott school district to $161 in the Clifton Bank school district. The former had a tax rate of 23.3, the latter of 10.2. With two exceptions, no attempt was made to vary the grant according to the ability of the school district. An enlargement of this grant would reduce the local tax rate for wealthy and poor school districts alike, relieving the one of a responsibility it could well bear, yet not strengthening the other sufficiently to provide the minimum elementary school program without undue local effort.

Analysis of Table LXI would show for the rural municipality of Dauphin that, were it not for the general municipal grant, there would be no equalizing agent operative across all the ungraded school districts of the municipality. It could be said with equal truth that, were it not for special grants to school districts in sub-marginal and marginal rural areas, there was no equalizing agent operative across the province as a whole.

What has been said of the legislative grant to ungraded school districts was equally true of the legislative grant, transportation grant, and secondary school grant to graded school districts, the schools of which were generally located in small towns and villages. Table LXII contains data for eleven such school districts in ten rural municipalities widely distributed over the province, the schools operated being representative of all types of graded schools in rural Manitoba. They were representative both as to type of graded school and to difference in ability. Casual observation of the statistical data presented in Table LX and illustrated in Figures 18, 19, 20, and 21 would indicate that no direct relation existed between ability as measured by assessment, effort as measured by the school tax on a quarter section of land and provincial aid per census pupil. A quarter section of land in the school district of Hamiota was assessed for 6.99 times that of a quarter section in Armstrong, yet the taxes were but 2.45 times greater. Provincial aid per census pupil to Hamiota was 1.48 times greater than to Cossette. The school district of Cossette was receiving a large measure of special aid, otherwise it would not have been able to operate at all. The school district of Eriksdale provided an example of a graded school district which received little more than the

TABLE LXII

PROVINCIAL AID PER CENSUS PUPIL AND THE ASSESSMENTS AND LEVIES FOR THE HIGHEST ASSESSED QUARTER SECTION OF FARM LAND IN ELEVEN GRADED SCHOOL DISTRICTS FOR THE SCHOOL YEAR 1929-1930

Municipality	Graded School District	Type of School Operated	Local Assessed Valuation of the Highest Assessed Quarter Section	Total School Taxes Levied on Highest Assessed Quarter Section	Provincial Aid per Census Pupil
Armstrong	Cossette	Elementary	$ 580	$27.36	$14.52
Coldwell	Lundar*	"Intermediate" and elementary grades	1,110	41.80	14.46
Eriksdale	Eriksdale	Elementary	1,200	28.80	7.78
Ethelbert	Ethelbert	"High" and elementary grades	1,040	51.48	12.42
Hamiota	Hamiota*	"Collegiate Dept." and elementary grades	5,000	66.00	21.50
Hamiota	Decker*	"Intermediate" and elementary grades	4,450	90.38	22.54
Mossey River	Mossey River*	"Intermediate" and elementary grades	900	56.40	19.94
Pipestone	Reston	"Collegiate Dept." and elementary grades	3,200	61.44	15.80
Shell River	Goose Lake*	"Collegiate Dept." and elementary grades	2,500	85.00	22.94
Thompson	Miami*	"Intermediate" and elementary grades	4,050	60.12	22.53

*Consolidated district.

legislative grant. The school district of Ethelbert, with approximately one-quarter of the ability in terms of assessment when compared with Miami, paid a larger tax per quarter section, yet received but .55 per cent as much provincial aid per census pupil. There is an abundance of evidence in Table LXII to justify the statement that a uniform grant per teacher, or per type of secondary school district, did not serve to equalize either ability or effort.

Fundamental Weakness in the Present Method of Distributing Provincial Aid

Mort states that "the burden of an educational program may be equalized by either of two methods."[1] These two methods are referred to as "the large fund method" and "the small fund method." The "large fund method" implies that a minimum educational program shall be supported wholly by the state. The "small fund method" implies that when the state has not sufficient aid for distribution to meet the costs of a minimum program, state funds should be distributed according to the need and "award the poorer communities more than the wealthy communities." In the Province of Manitoba only $165,000 of the amount granted to schools during 1930 was distributed by the "small fund" method while $1,109,000 was distributed by the "large fund method." Not until school districts and municipalities broke down under the stress of economic depression, did the province begin to apply the principle of equalization of ability to the funds available for distribution. The province formerly took for granted that the minimum program could be provided locally and that the function of provincial aid should be to reward improvement and expansion. Changing economic and social conditions have proven that theory unsound and that more equitable methods of distributing provincial aid must be adopted.

---

[1]Paul R. Mort, State Support for Public Schools, pp. 25 ff. New York: Teachers College, Columbia University, 1926.

CHAPTER XV

SUMMARY AND CONCLUSIONS

The statement of the problem in Chapter I limited this study to: (1) the financial efficiency of existing local units of school administration; (2) the adequacy of the present tax mechanism for securing school revenue; and (3) the efficiency of present methods of distributing provincial and local aid to public schools in Manitoba. A special study was made of these problems for the period 1925 to 1929 inclusive in typical rural and urban municipalities. In addition, a sufficient study of the growth of educational and other public service costs and of the effects of taxation on real property over a longer period and wider area was introduced to show the reasons for the increasing costs of schooling, and to establish that the areas selected for special study were typical for the whole province.

Findings for the period 1925 to 1929 inclusive would not be applicable in detail to a period of severe economic depression. Since 1929, prices and wages, hence income, have become greatly reduced in both the rural and urban communities of Manitoba. Income in the once wealthy rural communities of the older parts of the province has fallen to a level not far removed from that formerly held by marginal and in some instances sub-marginal rural areas. There has been such a levelling down and change of position owing to variation in the price of farm products, that the assessment valuations became more inaccurate than formerly as indices of ability. In the urban parts of Manitoba the reduction in income, coupled with increased costs of unemployment and interest charges, has reduced the ability of these centres to provide for social services. Nevertheless, the potential income producing power remains, and the fundamental causes of inequality in school provisions which prevailed during a normal economic period would apply in a measure to almost any other period. The additional problem brought about by the economic depression was one of maintaining costs, already well established, for school and other public services. This problem has become all the more aggravated because of the inadequacy of the existing mechanism of school finance. Further reference will be made to the problem of costs in the present chapter.

The Unit of School Finance

In the preceding chapters of this study weaknesses inherent in the district system of school finance were shown. In the first place, the district system of schools has produced a multiplicity of local governments requisitioning school monies, without check or without responsibility for collection, to as high as 70 per cent of the total tax levy on real property. Secondly, owing to local initiative being the prime factor in the formation of school districts and to the difficulty of adjusting long existing school district boundaries, districts of varying sizes and productive ability have become the rule throughout the province. Thirdly, as the school in Manitoba for many years has been a continuous school, costs for secondary education have been superimposed upon the area of the elementary school district. During the past twenty-five years the organization of consolidated school districts has extended secondary school costs over wider school district areas. It has been shown that the differences in size and ability of graded school districts have become just as great as those of the one-room rural schools on the prairie. Finally, even if sufficient monies for all were made available through some provincial agency, it would be impossible to estimate school district needs adequately without making an annual census of income for each school district. In short, before any real permanent improvement can be made in the system of school finance in Manitoba, it has become apparent that the province must abandon the school district as the unit of local school finance.

The municipality as the unit of school finance.- The idea of the municipality, which is roughly equivalent to the county in other parts of the North American Continent, as the unit of school administration has been before the people of the Province of Manitoba officially since April, 1907.[1] As stated in Chapter I of this study, at least three important provincial committees have recommended its adoption since 1918. Previous to the time of the Report of the Educational Commission the need most stressed was that of better school administration. The Report of the Educational Commission emphasized the need for equalizing ability between school districts.

The ability to support the schools of rural municipalities has been shown in Table XLVI for one-room rural districts in terms of assessed valuations, and in Table XLVII for graded school districts in terms of assessed valuations for each census pupil. In

---

[1]R. Fletcher, Municipal School Boards. Winnipeg: King's Printer, April 4, 1907. Pp. 12.

addition, the ability to support the schools located within municipalities was shown in Table XLVIII in terms of income per census pupil. The difference in the median assessment of one-room rural schools within each municipality varied per census pupil in the ratio of 1 to 19, while for graded school districts the assessment varied from 1 to 20. The difference in the ratio of total cash income per census pupil, for eight rural municipalities and one crop district varied from 1 to 12, while the ratio of current income per census pupil, for seven rural and four urban municipalities varied from 1 to 6. The latter did not include municipalities in sub-marginal areas.

Tables L and LI of Chapter XII show the tax rates in 1929 on $100 of the equalized assessment for ungraded and graded schools in typical rural municipalities. The greatest variations in tax rates for the ungraded schools were found in the municipalities of Coldwell and Dauphin. Tax rates in Coldwell lay between $1.25 and $2.75 and in Dauphin between $.50 and $2.00 per $100 of the equalized assessment. For fifty-five graded school districts in twenty-three rural municipalities the greatest differences in rates were found in the municipalities of Bifrost and Rossburn, the rates lying between $2.00 to $4.00 and $1.00 to $3.50 per $100 of the equalized assessment, respectively.

In Table LII of Chapter XII the local effort per census pupil was calculated in terms of tax rates on $100 of the total cash farm and current village income per census pupil for eight rural municipalities and one crop district, and on current income for six rural municipalities, one crop district, two towns, one suburban municipality and the city of Winnipeg. The tax rates for the nine rural communities, based on $100 of the total cash farm and current village income per census pupil shows that the flat rate necessary to meet the local effort for schools in 1929 would have varied from $3.26 in the municipality of Strathcona to $11.08 in the municipality of Chatfield. The tax rates on each $100 of current income per census pupil for seven rural and four urban communities would have varied from $2.68 in the city of Winnipeg to $8.98 in the rural municipality of Rossburn. It is evident that making the rural municipality the unit for school revenue would equalize ability within the municipality but would not equalize ability across all rural municipalities or the province as a whole.

Viewing the municipal unit from the standpoint of local control of school revenue and of the control of all other local expenditure, several advantages are apparent. It would provide a unit, the ability of which could be measured in terms of income, and the need for provincial aid determined accordingly. It would

provide for the centralization of all municipal finance. The local board of education could be either independent of the municipal council or subject to it in the matter of requisitioning funds for school support.

The district school board is essentially a North American development and remains for the most part the unit of school government throughout the United States, and in all Canada except the provinces of British Columbia and Quebec. British Columbia adopted the municipal board in 1905, Quebec has had the parish system since the beginning. England discarded the District Board of Education in 1902, Scotland in 1904, and each finally made the governing body of the schools a committee of the county or borough council, plus coöpted members chosen by the council. The levying and spending of public monies were centralized in the one body. There is no reason to believe but that eventually, under such a system, the schools of Manitoba, whether rural or urban, would be operated with greater justice to all than has existed up to the present time. Judged in terms of ability, the larger unit of school finance would help equalize local differences; in terms of provincial aid it could be measured to determine the need, and in terms of local government it would provide for the centralization of the control of revenue and expenditure. Instead of violating the principle of local self-government, it would make possible the development of a more efficient instrument for local school finance and its administration.

The province as a unit.- To make the province the unit of finance would tend to even out existing inequalities for the poorer districts but would not bring about equality over all unless a method were found to tax all parts according to their ability. If the equalized assessed valuations of real property for 1930 had been taken as the base, the total school levy for the province for that year would have required a flat rate of 12.9 mills on the dollar. Had the school levy of 1930 for each municipality in Manitoba been applied to the equalized assessment of each municipality for the same year, the following tax rates would have resulted for the six municipalities reported:

Dauphin (rural)	12.2
Dauphin (town)	29.5
Ethelbert (rural)	20.8
St. James (suburban)	31.8
Thompson (rural)	9.3
Winnipeg (city)	14.1

Under such a method of taxation with a flat rate levied on the equalized assessment of the whole province, the mixed farming rural municipality of Dauphin would have assisted the well-to-do neighboring town, and the moderately wealthy rural municipality of Thompson would have been placed in the position of contributing toward the support of education in the still wealthier city of Winnipeg. It is evident that a flat rate on all real property in Manitoba would not equalize ability.

The Tax Mechanism

The discussion in the previous paragraph raises the question of the tax base and the method of levying taxes thereon for school support. It was shown in Chapter VI that local school revenue has been derived almost entirely from taxation on real property. The school levy for the province amounted to 42 per cent of the total levy upon real property in the year 1929. In the same chapter it was stated, and authorities quoted in support of the statement, that the assessment on real property could not be considered as an index of ability for different classes of property and different types of communities. Data compiled in Table LXIII, for six rural and four urban municipalities, provide evidence in proof of this statement.

To compare the local and the equalized assessed valuations as indices of ability for different types of communities, current income as estimated for this study was used as the base, and population as the unit of measure. The ratio of the local assessment per capita for the year 1927 to that of current income per capita for the period 1925-1929, and the ratio of the equalized assessment per capita for the year 1927 to that of current income per capita for the perid 1925-1929 were calculated. The data compiled in Table LXIII show that the ratio of either local or equalized assessed valuations to income per capita were significantly higher for rural than for urban communities. The data compiled in Table XLIX for income per census pupil would indicate that no such distinction in ability could be uniformly made between rural and urban areas in Manitoba. A. R. Lawrence's estimates of income[1] for the year 1930 show that the per capita income for the census divisions in which the town and rural municipality of Dauphin, the rural municipality of Thompson, and metropolitan Winnipeg are located amounted to $334, $396, and $569 respectively. The

---

[1] The Canadian Income, Its Source and Distribution and Expenditure. Toronto, Ontario: The Might Directories, 1933. Pp. 74.

estimates of current income per census pupil prepared for this study for the rural municipality of Dauphin, the town of Dauphin, the rural municipality of Thompson, and the city of Winnipeg amounted to $704, $1,062, $1,383, and $2,542 respectively. These estimates were made without knowledge of those of Lawrence but correspond roughly to his. Both disprove the difference in ability now made by assessed valuations between rural and urban areas in Manitoba.

TABLE LXIII

RATIO OF INCOME PER CAPITA TO LOCAL AND EQUALIZED ASSESSMENTS PER CAPITA FOR SIX RURAL AND FOUR URBAN MUNICIPALITIES IN MANITOBA

Municipality	Ratio of Local Assessment per Capita 1927, to Current Income per Capita 1925-1929	Ratio of Equalized Assessment per Capita 1927, to Current Income per Capita 1925-1929
Strathcona.....	4.68	5.81
Dufferin and Carman Town.....	4.04	6.04
Thompson.....	3.81	4.93
Miniota.....	3.98	5.03
Dauphin (rural)...	2.77	5.68
Rossburn.....	4.13	6.45
Winnipeg.....	1.87	1.95
St. James.....	1.05	1.46
Transcona.....	1.65	1.27
Dauphin (town)....	1.54	1.58

Further study of the ratios of the local and equalized assessed valuations to current income per capita show wide variations in the local assessment for all types of communities. The equalized assessment has brought into closer relation the estimates of ability of rural communities. The same may be said of the equalized assessment for urban communities, but the equalized assessment has not brought the income ability of rural and urban property into focus. Even the equalized assessment has not given a satisfactory comparison of ability within either rural or urban areas. According to the estimates of income made in this study, and also those prepared by Lawrence, assessed valuations for the

rural municipality of Dauphin should lie somewhere between the local and the equalized assessed valuations of that municipality in 1927. This may also be said of the rural municipality of Rossburn. Even the old established municipalities of Dufferin and Carman were out of focus with the income from lands of similar productivity in Thompson and Miniota.

However, no amount of adjustment of assessed valuations could make that tax base a true measure of the ability of different types of communities from year to year, unless assessed valuation were made an index of income. This has been evident throughout Manitoba during the present economic depression. It was shown for farm lands in a limited way in Table XL of Chapter X. Taxes on 197 farms in the Swan River area, during the normal crop year of 1929, amounted to 12.14 per cent of current income before deducting taxes. In the rural municipality of Dauphin in 1929, a year of partial crop failure, taxes amounted to 20.66 per cent of current income before deducting taxes. In the Red River and Shoal Lake areas, in 1930, a year of low prices for agricultural products, taxes amounted to 31.04 and 33.40 per cent respectively of current income before deducting taxes.

A similar condition was shown for three classes of city property in Table XLI of Chapter X. Income among certain types of property continued to decrease and taxes to increase until net income had disappeared. The fact that assessed valuation has not brought the income ability of all types of property into true relationship, and has not been made a measure of changing income, has rendered it inadequate as a measure of ability.

Destroying the tax base.- It was shown in Chapter VI that farm lands in sub-marginal and marginal rural areas, both occupied and unoccupied, and vacant lots in urban centres had reverted to the municipalities or to the crown to an unusual extent during the decade ending with the year 1930. Over 1,000,000 acres of rural lands and many vacant lots in urban and suburban centres had so reverted. This was not true of the wealthier rural municipalities, nor was it true to any extent of urban homes previous to the period of the depression. The reversion of lands was not due to any large decrease in gross income before the year 1930. Table II of Chapter II shows that a steady increase had occurred in income from manufacturing up to 1929, and that gross income from agriculture had the usual increases and decreases with a large gross income in each of the years 1924, 1926, and 1928.

Table XVII of Chapter V shows a heavy increase in the costs for provincial, municipal, and school purposes, the indexes rising from 189 to 276, 206 to 266, and 241 to 262 respectively during the period 1921-1931. Table XVIII shows a somewhat

corresponding increase for the funded indebtedness of municipalities and school districts. It could be shown that a similar increase had occurred in the funded indebtedness of the province. The extent to which this brought about increased taxation upon real property in the municipalities of Manitoba was shown in Tables XXV and XXVI and illustrated in Figures 8 and 9 of Chapter VI. Tax rates on real property in the province, spread over the total assessment, increased from $1.79 to $3.43 per $100 of the local assessment during the period 1915-1929. The index of the increase in taxation on thirty-four quarter sections of land, widely distributed over the highest assessed farms of Old Manitoba, showed an increase of 212 per cent during the period 1909-1929.

The relation between income and taxation in rural and urban municipalities was shown in Chapter X, while in Chapters XI and XII it was proven that municipalities of low income paid the highest tax rates without making equivalent school provisions. All this would indicate that a direct relation has existed between the increasing cost of public services, increasing taxation on real property, and a decreasing tax base at points of least income. Increasing taxes upon real property without regard to the size of income out of which taxes were paid continued to destroy the tax base in increasing volume during a comparatively strong economic period.

Distributing Local and Provincial Aid to Equalize Educational Opportunity

It was shown in Chapter XIV that the general municipal school levy and the grants to schools based thereon, served in a measure to equalize ability within each rural municipality, but not for the province as a whole. The weight of this rather large general tax, superimposed upon other local and provincial taxes on real property, affected the tax base in marginal and submarginal areas. The provincial government first reduced this tax in some of the poorer rural municipalities and afterwards for the whole province, but left its weight uniform for all municipalities. Such a tax, levied upon real property, cannot be maintained at a uniform rate by all municipalities of the province. All taxes levied upon the property of the municipality should be combined and kept within the ability of the municipality, and an equalization levy within that unit should be weighted according to its productive capacity.

It was shown in Chapter XIV, although a wide difference has existed in the ability and effort of school districts and municipalities, that provincial aid has not equalized educational

opportunity in a large way for the province as a whole.

The facts presented in this study make it evident that an adequate method for the distribution of provincial aid would depend upon giving effect to three principles: (1) enlarging the local unit of school finance, (2) providing a larger distributive fund collected by means other than a tax on real property, and (3) distributing provincial aid more on the basis of need than of effort.

The necessity for a larger unit of school finance has been discussed at some length and need not be considered further.

The facts presented in the present study indicate very clearly the need for a much larger provincial equalization fund than has been made available to date. Moreover, a large distributive fund must find its source in such ability as the province as a whole possesses. One need scarcely restate the principle that the base for such a fund must be other than the assessed valuation of real property. The following data show how fully England has endeavored to give effect to this principle:

> "It will be remembered that the main sources of public funds in England are (a) grants paid by the Government mainly to local authorities, and raised for the most part by the ordinary processes of taxation (income tax, death duties, customs and excise), and (b) rates levied by the local authorities, on the basis of the annual value of land, buildings, machinery etc., occupied or used by the ratepayer."[1]

Funds made available for non-University education in England and Wales for the year 1930-31 may be summarized as follows:[2]

Government grants	£ 46,184,040 ...	55.5%
Local rates	36,933,242 ...	44.4
Total from public funds..	£ 83,117,282	100.00%
Other sources.....	£ 7,445,732	
Grand total	£ 90,563,014	

The following quotation and statistical data show how the state of Delaware has undertaken to give effect to the same principle:

---

[1]W. H. Perkins, "England," Educational Yearbook of the International Institute of Teachers' College, Columbia University, p. 5. New York City: Bureau of Publications, Teachers' College, Columbia University, 1929.

[2]Lord Eustace Percy, "Combined Figures of Income and Expenditure, Non-University Education," The Yearbook of Education, 1932, p. 82. London, England: Evans Brothers Limited, 1932.

"Delaware is the only state in the Union that has endeavoured to organize its schools into a single unit administered and supported by the state. As will appear later, the schools of Delaware were formerly administered and supported under the district system. Within the state today are found three types of school districts: (1) the city of Wilmington; (2) thirteen special districts centered about the larger towns; (3) the remaining districts, largely rural, which compose the rest of the state. Wilmington and these thirteen special districts receive their state school monies directly from the state, and control them, and administer them, and expend them, subject only to certain state imposed limitations. . . . . The financial affairs of all the smaller districts are managed directly by the state central office, which therefore not only directs and controls expenditures but actually pays all costs imposed by the individual schools."[1]

The cities of Wilmington and Claymont alone provided school revenues for current expenses from local taxes.

The population of Delaware amounted to 224,068 in 1926 of whom 124,000 resided in Wilmington.

TABLE LXIV

SOURCES OF SCHOOL REVENUE OUT OF WHICH GRANTS WERE PAID IN THE STATE OF DELAWARE IN 1926

Source	Amount	Per Cent
Income taxes	$ 842,456.05	26.1
Fees for income tax	347,091.06	10.8
Corporation taxes	188,037.57	5.8
Franchise taxes	1,215,087.83	37.6
General property tax	586,764.72	18.2
Interest on funds	42,602.00	1.3
Interest on deposits	3,051.18	.1
Miscellaneous	4,132.20	.1
Total	$3,229,222.61	100.0

The injustice of distributing provincial aid largely on the basis of service need not be commented on further. The

[1]F. H. Swift, Federal and State Policies in Public School Finance in the United States, p. 323. Boston: Ginn and Company, 1931.

introduction of the principle of paying at the point of need is closely associated with that of estimating more accurately than has hitherto been done, the ability of municipalities to provide for schools. It has been shown in this study that productive capacity or income, rather than assessed valuation should be the base for determining ability, hence for determining the amount of aid necessary to maintain the costs of a standard school. The term "standard school" implies adequate buildings and equipment, uniform length of school year, and properly qualified teachers proportionate to the number of pupils and grade of work. The extent to which the program of the continuous school would be provided for under such a system of provincial aid, should bear a closer relation to size of population than to ability.

Equalizing teacher salary costs.- Closely associated with the principle of distributing provincial aid on the basis of ability and need is that of the division of school costs for which the province and the large local unit should provide. It has been shown in this study that instructional costs in 1929-1930 amounted to over 50 per cent of the total school costs for the province. More than all others, that cost has been fundamental to the success of the public school, yet it was distributed most unequally throughout the school districts and municipalities of Manitoba. The present economic depression furnishes a weird picture of the injustice of the provisions for the teacher's financial welfare. In no other branch of the public service has training been enforced so universally and at the same time rewarded so haphazardly. Consequently, this is the first item of school cost the burden of which should be equalized through a large provincial distributive fund. How effectively this cost was administered in England and Wales in 1932 by means of a large national school fund, a large local unit, and the tax mechanism described on page 241 of this study, can be seen from the following:

> "The budget introduced in the following month provided for a reduction of £9,400,000 in the estimated expenditure of the Board of Education in 1932-33. The bulk of this reduction was effected by abolishing the 50 per cent minimum of grant to local authorities, fixing the grant in respect of teachers' salaries in the grant formula at 50 per cent, instead of 60 per cent, and making an aggregate cut in the teachers' salary scales of 15 per cent. . . . . The cut in teachers' salaries was subsequently reduced to 10 per cent."[1]

That which England and Scotland have accomplished in school finance during comparatively recent years is not impossible

---

[1]Percy, op. cit., p. 32.

of attainment in Manitoba despite the conservative attitude of a large rural population toward changes in school administration. The evidence presented in this study justifies the conclusion that, before a system of school finance, satisfactory to the conditions of rural Manitoba can be given effect, radical changes must take place in the method of its administration. Apart altogether from the problem of adjusting school costs to the economic conditions prevailing in any period, and to the costs of other public services three major adjustments in school finance are necessary: (1) the burden of school costs must be shifted, in part at least, from real property to income; (2) a more equitable method of distributing a large central fund must be introduced; and (3) a larger local unit for the financial administration of schools must be established. All three are interrelated phases of the problem of school finance.

BIBLIOGRAPHY

Articles

Moore, Andrew. "High School Costs, Some Comparisons," The Manitoba Teacher, XIII (Dec., 1932), 1-24.

Books

Begg, Alexander. History of the North West. Vol. I. Toronto, Ontario: Hunter Rose and Co., 1894. Pp. xii, xlvii + 515.

Bradshaw, W. T. "Municipal Finance." Paper presented to the twenty-fifth annual meeting of the Ontario Municipal Association, Toronto, 1933. Pp. 22.

Clark, A. B. Recent Tax Developments in Western Canada. Winnipeg: National Tax Association, 1921. Pp. 22.

Clark, A. B. An Outline of Provincial and Municipal Taxation in British Columbia, Alberta and Saskatchewan. Winnipeg, Manitoba: King's Printer, 1920. Pp. 97.

Douglas, Paul H. Real Wages in the United States, 1890-1926. New York: Houghton Mifflin Company, 1930. Pp. xxviii + 682.

Ely, Richard T. and Wahrein, George E. Land Economics. Ann Arbor, Michigan: Edwards Brothers, 1928. Pp. 165.

Ely, Richard T. and Morehouse, Edward W. Elements of Land Economics. New York: The Macmillan Company, 1924. Pp. xviii + 363.

Fletcher, R. Municipal School Boards. Winnipeg: King's Printer, 1907. Pp. 12.

King, W. I. Income in the United States, Its Amount and Distribution, 1909-1919. Vol. II. New York: National Bureau of Economic Research, 1922. Pp. 440.

Lawrence, Major A. R. The Canadian Income, Its Source and Distribution and Expenditure. Toronto, Ontario: The Might Directories, 1933. Pp. 74.

Leven, Maurice and King, Willford Isbell. Income in the Various States, Its Sources and Distribution, 1919, 1920 and 1921. New York: National Bureau of Economic Research, 1925. Pp. 306.

Lutz, H. L. Public Finance. New York: D. Appleton and Company, 1930. Pp. xv + 259.

Morrison, H. C. The Management of School Money. Chicago, Ill.: University of Chicago Press, 1932. Pp. xx + 522.

Morrison, H. C. School Revenue. Chicago, Ill.: University of Chicago Press, 1930. Pp. vii + 242.

Morrison, H. C. The Financing of the Public Schools in the State of Illinois. New York: The Macmillan Company, 1924. Pp. xiii + 162.

Mort, Paul R. State Support for Public Schools. New York: Teachers College, Columbia University, 1926. Pp. xiii + 104.

Mort, Paul R. and Others. State Support for Public Education. Washington, D.C.: American Council on Education, 1933. Pp. ix + 496.

Murchie, R. W. and Grant, H. C. Unused Lands of Manitoba. Winnipeg: King's Printer, 1926. Pp. 191.

Norton, John K. The Ability of the State to Support Education. Washington, D.C.: National Educational Association, 1926. Pp. vii + 88.

Reeves, Floyd W. The Political Unit of School Finance in Illinois. New York: The Macmillan Company, 1924. Pp. xv + 166.

Scovell, Clinton H. Interest as a Cost. New York: The Ronald Press Company, 1924. Pp. v + 242.

Seligman, E. A. R. Essays in Taxation. New York: The Macmillan Company, 1925 (Tenth Edition, Revised). Pp. xi + 806.

Stamp, Sir Josiah. The Principles of Taxation. London: The Macmillan Company, 1929. Pp. xi + 201.

Updegraff, Harlan. Rural School Survey of New York State, Finance Inquiry. Ithaca, New York: William Fell Company, 1922. Pp. 233.

Willett, George. The Public School Debt in Illinois. New York: The Macmillan Company, 1924. Pp. xv + 97.

Miscellaneous Material

Annual Reports of the Provincial Department of Education, 1905-1931. Winnipeg: King's Printer.

Annual Reports of the Manitoba Tax Commission, 1925-1932. Winnipeg: King's Printer.

Annual Reports of the Manitoba Trustee Association, 1920-1927. Winnipeg: King's Printer.

Canada Year Books, 1925-1930. Ottawa, Ontario: Dominion Bureau of Statistics.

Census of Manitoba, 1926. Ottawa, Ontario: Dominion Bureau of Statistics, 1927. Pp. 205.

Census of Canada, 1921. Vol. 1, Population. Ottawa, Ontario: King's Printer, 1924. Pp. 859.

Crop Bulletins of the Department of Agriculture and Immigration, Manitoba. Winnipeg: King's Printer, 1920-1930.

Fifteenth Annual Report of the Bureau of Labour and Fire Prevention Branch. Winnipeg, Manitoba: Department of Public Works, 1920. Pp. 31.

Income Tax Depreciation and Obsolescence Revenue Act of 1928, Bulletin "F." Washington, D.C.: Government Printing Office (Revised January, 1931). Pp. iv + 37.

"Preliminary Report of the Bureau of Internal Revenue," Depreciation Studies. Washington, D.C.: Government Printing Office, 1931. Pp. 34.

"Preliminary Report," The Manufacturing Industries of Canada. Ottawa, Ontario: Dominion Bureau of Statistics, 1931. Pp. 112.

"Preliminary Report," Wholesale Trade in Canada, 1930. Ottawa, Canada: Dominion Bureau of Statistics, 1933. Pp. 13.

"Preliminary Report," Census of Retail Merchandising Establishments in Winnipeg. Ottawa, Canada: Dominion Bureau of Statistics, 1930. Pp. 13.

"Preliminary Report," Census of Trading Establishments, 1924. Ottawa, Canada: Dominion Bureau of Statistics, 1928. Pp. 40.

Public Accounts of the Province of Manitoba for the Fiscal Years 1920-1930. Winnipeg: King's Printer.

Report of the Assessment and Taxation Commission for Manitoba. Winnipeg, Manitoba: King's Printer, 1919. Pp. 213.

Report of the Commission on the Status and Salaries of Teachers. Winnipeg, Manitoba: King's Printer, 1919. Pp. 24.

Report of the Educational Commission. Winnipeg, Manitoba: King's Printer, 1924. Pp. 149.

Report of the Minister of Mines and Natural Resources for the Province of Manitoba for the Year 1932. Winnipeg, Manitoba: King's Printer, 1932. Pp. 75.

Statistical Information Respecting the Municipalities of the Province of Manitoba, 1905-1932. Winnipeg, Manitoba: Department of the Municipal Commissioner.

Third and Final Report of the Select Committee Appointed by the Legislature to Investigate Suburban Municipalities Adjoining Winnipeg. Winnipeg, Manitoba: King's Printer, March 13, 1925. Pp. 31.

The Canadian Annual Review. Toronto, Ontario: The Canadian Review Company, Ltd., 1930-1931. Pp. 797.

"Unpublished Statistics on Unemployment Relief." Winnipeg: Bureau of Labor, 1931.

Legal Material

The Manitoba Assessment Act, 1924.
"The Mines and Mining Act," Statutes of Manitoba, 1930.
The Municipal Act, Province of Manitoba, 1925.
"The Provincial Lands Act," Statutes of Manitoba, 1930.
The Public Schools Acts of Manitoba, 1910-1932.

Unpublished Material

Love, W. D. and Co. "Rural Municipality of St. James, Report on Revenue Resources." St. James: Office of the Municipality of St. James, 1931 (mimeographed). Pp. 32.

Murchie, R. W. "Supplement to Unused Lands of Manitoba." Unpublished Doctor's thesis, Department of Social Science, University of Minnesota, 1927. Pp. 37.

Parker, C. V. "Types of Farming and Progress of Settlers in the Swan River Valley." Unpublished Master's thesis, Department of Agriculture, University of Manitoba, 1932. Pp. 179.

Stewart, Andrew. "The Dauphin District, A Study of the Growth, Development, Existing Conditions in an Agricultural Community in Manitoba in 1929." Unpublished Master's thesis, Department of Agriculture, University of Manitoba, 1932. Pp. 424.

APPENDIX

TABLE I

NUMBER OF TYPES OF SCHOOL DISTRICTS, NUMBER OF TEACHERS ENGAGED, NUMBER OF PUPILS ENROLLED, AND NUMBER OF PUPILS IN AVERAGE ATTENDANCE FOR THE NON-UNION SCHOOL DISTRICTS OF FOURTEEN LOW-ASSESSMENT MUNICIPALITIES, 1929-1930

Municipality	Number of School District	Types of School Districts			Number of Teachers Engaged			Number of Pupils Enrolled	Pupils in Average Attendance		
		Consolidated Graded	Graded Non-Consolidated	One-Room Rural	Graded Schools	Ungraded Schools	Total		Graded Schools	Ungraded Schools	Total
Armstrong.....	12	..	1	11	2	11	13	202	60.24	113.55	173.79
Bifrost.....	13	..	3	10	12	10	22	837	346.29	259.47	605.76
Chatfield.....	9	..	2	7	4	7	11	451	124.94	166.02	290.96
Coldwell.....	11	2	..	9	6	9	15	344	144.44	106.04	250.48
Eriksdale.....	12	..	1	11	3	11	14	320	81.14	151.14	232.28
Ethelbert.....	17	..	1	16	5	15	20	881	142.12	463.91	606.03
Glenella.....	11	..	1	10	3	10	13	355	71.40	192.68	264.08
Lawrence.....	13	..	..	13	..	12	12	359	...	262.90	262.90
Mossey River Winnipegosis	12	1	1	10	8	10	18	735	210.44	263.78	474.22
Piney.....	9	..	1	8	2	8	10	248	43.58	123.35	166.93
Siglunes.....	8	..	1	7	2	7	9	236	56.30	100.19	156.49
Sprague.....	6	..	2	4	4	4	8	262	107.09	76.01	183.10
Woodlea.....	9	..	..	9	0	9	9	193	...	133.92	133.92
Unorganized...	14	..	1	13	3	13	16	573	90.07	352.92	352.92
Total.....	156	3	I5	138	54	136	190	5,986	.....	.....	4019.94

TABLE II

NUMBER OF TYPES OF SCHOOL DISTRICTS, NUMBER OF TEACHERS ENGAGED, NUMBER OF PUPILS ENROLLED, AND NUMBER OF PUPILS IN AVERAGE ATTENDANCE FOR THE NON-UNION SCHOOL DISTRICTS OF FOURTEEN HIGH-ASSESSMENT MUNICIPALITIES, 1929-1930

Municipality	Number of School Districts	Types of School Districts			Number of Teachers Engaged			Number of Pupils Enrolled	Pupils in Average Attendance		
		Consolidated Graded	Graded Non-Consolidated	One-Room Rural	Graded Schools	Ungraded Schools	Total		Graded Schools	Ungraded Schools	Total
Assiniboia.....	3	..	3	..	8	..	8	343	226.59	...	226.59
Dauphin.....	33	..	3	30	6	30	36	1,238	174.15	680.04	854.19
Dufferin (town) Carman.....	17	2	1	14	17	14	31	963	451.31	247.83	705.14
Brenda.....	15	..	4	11	12	11	23	554	244.00	148.12	392.12
Hamiota (rural) Village.....	6	5	..	1	21	1	22	595	489.31	16.79	506.10
Miniota (munic.)	1	1	..	..	..	..	20	470	...	...	408.70
Pembina Manitou(town)	19	2	1	16	17	16	33	949	471.72	280.22	751.94
Pipestone.....	17	2	3	12	17	12	29	807	432.12	201.80	633.92
Roland.....	11	1	1	9	9	9	18	531	249.04	156.05	405.09
Rossburn (and Village).....	13	..	3	10	9	10	19	854	273.42	283.57	556.99
Shell River Roblin (town)	8	2	..	6	17	6	23	808	484.80	133.69	618.49
St. Clements...	15	..	5	10	18	10	28	1,159	615.27	239.44	874.71
Strathcona.....	7	1	..	6	4	6	10	270	126.63	68.40	195.03
Thompson.....	11	1	1	9	6	9	15	397	123.57	141.05	264.56
Total.....	176	17	23	134	161	134	315	9,938	.....	.....	7393.61

TABLE III

SCHOOL DISTRICTS, NUMBER OF PUPILS ENROLLED, PUPILS IN AVERAGE ATTENDANCE FOR SIX SUBURBAN, SIX TOWN, AND FOUR CITY MUNICIPALITIES, 1929-1930

Municipality	Number of School Districts	Number of Teachers	Number of Pupils Enrolled	Pupils in Average Attendance
Suburban:				
Brooklands.....	1	15	805	648
East Kildonan..	1	46	2,246	1,921
Fort Garry.....	2	12	592	448
St. James.....	1	76	3,548	2,741
St. Vital.....	1	44	2,121	1,641
West Kildonan..	1	31	1,431	1,175
Total.....	7	224	10,743	8,574
Town:				
Dauphin (town).	1	33	1,365	1,169
Selkirk.....	1	24	933	794
Souris.....	1	13	570	500
Virden.....	1	14	481	402
Neepawa.....	1	13	471	406
Minnedosa.....	1	14	498	398
Total.....	6	111	4,318	3,669
City:				
St. Boniface...	2	84	3,570	2,786
Brandon.....	1	99	4,057	3,530
Portage la Prairie.....	1	37	1,474	1,283
Total.....	4	220	9,101	7,599
Winnipeg.....	1	1,050	41,745	35,104

TABLE IV

CURRENT CASH DISBURSEMENTS FOR THE PUBLIC SCHOOLS OF MANITOBA AT INTERVALS DURING THE PERIOD 1913-1930

Year	Number of Teachers Engaged.	Number of Pupils Enrolled	Pupils in Average Daily Attendance	Pupils Enrolled in Secondary Grades	Total Cash Expenditures (Omitting Current Loans and Large Replacement Costs)	Cash Disbursements per		
						Teacher Engaged	Pupil Enrolled	Pupil in Average Attendance
1913	2,964	83,678	48,163	4,996	$3,725,748	$1,257	$43.21	$ 77.35
1915	2,976	100,963	68,250	6,387	4,405,148	1,480	43.71	64.55
1916	2,991	103,796	66,561	6,696	4,251,549	1,421	40.96	63.91
1917	3,024	106,588	62,209	6,294	4,008,842	1,325	37.70	64.37
1920	3,479	123,452	88,563	7,996	6,705,154	1,927	54.31	75.71
1921	3,708	129,015	86,137	8,615	8,989,180	2,424	69.69	104.36
1922	3,893	136,871	95,433	10,729	9,924,576	2,549	72.53	103.05
1923	3,936	142,369	98,787	12,803	9,465,575	2,405	66.49	95.87
1924	3,980	144,491	103,775	13,367	8,684,425	2,207	60.03	83.69
1925	4,028	145,834	104,312	13,056	8,277,533	2,087	57.65	80.60
1926	4,067	148,279	106,809	13,561	8,665,423	2,130	58.43	81.13
1927	4,096	148,763	106,793	13,420	8,942,058	2,182	60.11	83.76
1928	4,189	150,883	114,270	14,163	9,006,948	2,140	59.69	78.12
1929	4,272	150,517	116,766	15,292	9,195,887	2,153	61.09	78.75
1930	4,378	151,846	117,037	15,819	9,714,956	2,212	63.97	83.00
1931	4,427	153,553	120,703	18,344	9,909,139	2,238	64.52	82.10

TABLE V

ITEMIZED AGGREGATE CASH DISBURSEMENTS FOR THE SCHOOLS OF SIX REPRESENTATIVE TYPES OF MUNICIPALITIES FOR THE SCHOOL YEAR ENDING JUNE 30, 1930

Groups of Municipalities	Itemized Cash Disbursements					
	Instructional Costs	Transportation Costs	All Other Operation Costs	Total	Debt Service	Grand Total
14 Low-assessment municipalities....	$ 157,902	$ 4,945	$ 52,201	$ 215,048	$ 29,705	$ 244,153
14 High-assessment municipalities....	334,632	109,977	138,898	583,322	63,761	648,448
6 Large incorporated towns.....	142,450	...	50,854	196,824	33,951	230,775
6 Suburban municipalities.....	279,557	...	115,854	395,426	152,321	547,747
3 Small cities.....	295,462	1,147	154,426	451,035	94,465	545,550
Winnipeg.....	1,978,410	90,949*	834,628	2,903,987	657,285	3,561,272

*Auxiliary services.

TABLE VI

CURRENT CASH DISBURSEMENTS PER TEACHER ENGAGED IN THE SCHOOLS OF FORTY-FOUR MUNICIPALITIES FOR THE SCHOOL YEAR ENDING JUNE 30, 1930

Municipality	Current Cash Disbursements for Operation and Maintenance				Debt Service	Total for Operation and Debenture Service
	Instruction	Transportation	Other Operating Costs	Total		
Armstrong...	$ 702	$ ...	$199	$ 901	$121	$1,022
Bifrost.....	825	...	277	1,102	186	1,288
Chatfield...	710	6	221	937	160	1,097
Coldwell....	712	142	272	1,126	107	1,233
Eriksdale...	805	...	238	1,043	97	1,140
Ethelbert...	983	77	314	1,374	143	1,517
Glenella....	1,023	51	485	1,559	270	1,829
Lawrence....	756	14	163	933	190	1,123
Mossey River and Winnipegosis...	1,019	22	307	1,348	149	1,497
Siglunes....	760	...	361	1,121	70	1,191
Piney.....	705	...	210	915	110	1,025
Sprague.....	892	2	341	1,235	199	1,434
Woodlea.....	716	...	216	932	134	1,066
Unorganized.	827	...	238	1,065	221	1,286
Assiniboia..	1,090	.7	668	1,830.7	473	2,301.7
Dauphin (Rural)...	877	...	249	1,126	112	1,238.0
Dufferin and Carman....	1,006	338	451	1,801	309	2,104
Brenda.....	1,027	2	426	1,455	62	1,517
Hamiota and Village...	1,162	1,138	609	2,909	304	3,213
Miniota.....	1,355	1,024	539	2,918	156	3,074
Pembina and Manitou...	1,049	287	298	1,632	147	1,781
Pipestone...	1,093	241	538	1,872	175	2,047
Roland.....	1,138	239	503	1,880	320	2,200
Rossburn...	920	6	392	1,318	117	1,435
Shell River and Roblin	1,114	712	506	2,332	448	2,780
St. Clements	807	...	308	1,115	222	1,337

TABLE VI (Continued)

Municipality	Current Cash Disbursements for Operation and Maintenance				Debt Service	Total for Operation and Debenture Service
	Instruction	Transportation	Other Operating Costs	Total		
Strathcona..	$1,042	$ 503	$412	$1,957	$ 28	$1,985
Thompson....	973	275	379	1,627	177	1,804
Brooklands..	1,278	...	599	1,877	537	2,424
E. Kildonan.	1,210	...	511	1,721	887	2,608
Ft. Garry(2)	1,185	...	854	2,039	965	3,004
St. James...	1,305	...	470	1,775	556	2,331
St. Vital (Woodlawn)	1,205	...	490	1,695	681	2,376
W. Kildonan.	1,190	...	511	1,701	677	2,378
Dauphin.....	1,313	69	534	1,916	595	2,511
Selkirk.....	1,289	...	372	1,661	129	1,790
Souris.....	1,258	...	407	1,665	259	1,924
Virden.....	1,259	88	484	1,831	186	2,017
Neepawa.....	1,207	...	503	1,800	257	2,057
Minnedosa...	1,238	...	405	1,643	135	1,778
St. Boniface (2)..	1,436	14	572	2,022	499	2,521
Brandon.....	1,284	...	758	2,042	399	2,441
Portage la Prairie...	1,289	...	846	2,135	351	2,486
Winnipeg....	1,884	79*	801	2,764	627	3,391

*Auxiliary services.

TABLE VII

THE RANKING FOR TOTAL COSTS INCLUDING DEBT SERVICE PER TEACHER, PER TEACHER PER DAY, AND PER PUPIL IN AVERAGE ATTENDANCE IN FORTY-FOUR MUNICIPALITIES FOR THE YEAR ENDING JUNE 30, 1930

Municipality	Costs per Teacher Engaged		Costs per Teacher per Day		Costs per Pupil in Average Attendance	
	Cost	Rank	Cost	Rank	Cost	Rank
Armstrong.....	$1,022	43	$ 6.56	39	$76.81	14
Bifrost.....	1,288	33	7.23	34	48.95	42
Chatfield.....	1,097	40	6.33	40	41.45	44
Coldwell.....	1,233	36	7.14	35	74.00	16
Eriksdale.....	1,140	38	5.84	44	68.71	21
Ethelbert.....	1,517	28	7.32	33	50.05	41
Glenella.....	1,829	23	8.41	27	83.14	11
Lawrence.....	1,123	39	6.27	41	51.22	39
Mossey River and Winnipegosis..	1,497	29	7.68	29	56.89	34
Piney.....	1,025	42	6.02	42	61.39	31
Siglunes.....	1,191	37	8.09	28	68.62	22
Sprague.....	1,434	31	7.39	32	62.72	28
Woodlea.....	1,066	41	6.46	38	71.59	18
Unorganized.....	1,286	34	7.48	31	58.29	33
Assiniboia.....	2,301	15	12.00	12	81.19	12
Dauphin (rural).	1,238	35	5.99	43	52.17	37
Dufferin and Carman.....	2,104	16	10.53	15	92.51	8
Brenda.....	1,517	28	7.58	30	89.08	10
Hamiota and Village.....	3,213	2	16.22	2	139.70	2
Miniota Municipal	3,074	3	15.65	3	150.70	1
Pembina-Manitou.	1,781	26	8.92	25	78.25	13
Pipestone.....	2,047	19	10.21	17	93.61	7
Roland.....	2,073	17	10.17	18	90.53	9
Rossburn and Village.....	1,435	30	6.77	36	51.53	38
Shell River and Roblin.....	2,780	5	14.69	5	103.45	3
St. Clements....	1,337	32	6.66	37	42.74	43
Strathcona.....	1,985	21	9.95	21	101.81	5
Thompson.....	1,804	24	9.02	23	102.10	4
Brooklands.....	2,414	11	12.38	10	55.88	35

TABLE VII (Continued)

Municipality	Costs per Teacher Engaged		Costs per Teacher per Day		Costs per Pupil in Average Attendance	
	Cost	Rank	Cost	Rank	Cost	Rank
E. Kildonan.....	$2,608	6	$13.04	6	$62.45	30
Fort Garry (2)..	3,004	4	15.12	4	60.88	32
St. James.....	2,331	14	11.96	13	64.64	25
St. Vital (Woodlawn)....	2,376	13	11.86	15	64.54	26
W. Kildonan.....	2,378	12	11.89	14	62.75	27
Dauphin (town)..	2,511	8	12.82	7	70.93	19
Selkirk.....	1,790	25	8.95	24	54.14	36
Souris.....	1,924	22	9.62	22	50.00	40
Virden.....	2,017	20	10.01	20	70.22	20
Neepawa.....	2,057	18	10.29	16	65.89	24
Minnedosa.....	1,778	27	8.88	26	62.53	29
St. Boniface (2)	2,521	7	12.60	8	76.00	15
Brandon.....	2,441	10	12.21	11	68.48	23
Portage la Prairie.....	2,486	9	12.42	9	71.70	17
Winnipeg.....	3,391	1	17.22	1	101.45	6

TABLE VIII

STATISTICAL DATA PERTAINING TO FARM ACREAGE AND POPULATION FOR SELECTED AREAS IN MANITOBA IN 1926

Municipality or Crop District	Crop Dist. No.	Census Div. No.	No. of Farms	Farm Land in Acres		Size of Farm in Acres	Acres of Improved Land per Farm	Population		
				Occupied	Improved			Total 1926 Census	Per Cent British Origin	Per Quarter Section Occupied Land
Strathcona.....	2	3	283	105,004	58,500	371	207	1,979	88.1	2.06
Dufferin*.....	3	6	663	195,704	154,600	295	233	2,905	82.4	2.38
Thompson.....	3	2	385	120,320	82,000	312	213	2,102	86.0	2.80
Miniota.....	7	11	392	161,608	92,900	412	234	2,626	93.1	2.36
Dauphin.....	11	13	1,021	217,753	116,800	213	114	5,754	36.7	4.23
Chatfield.....	12	12	431	69,608	7,600	161	18	2,366	12.8	5.44
Rossburn.....	10	14	648	135,534	51,700	204	79	3,574	17.7	4.22
Ethelbert.....	14	13	514	89,622	26,500	174	52	3,303	1.4	5.89
Swan River Crop District**...	13	15	1,425	358,518	153,400	251	108	7,814	72.6	3.49

*Dufferin (rural) plus Carman town population 4,290.

**Swan River Crop District plus Swan River town population 8,714.

TABLE IX

ASSESSED VALUATIONS AND AVERAGE ANNUAL TAX IMPOSED ON THE TAXABLE FARM LANDS OF SELECTED RURAL MUNICIPALITIES DURING THE PERIOD 1925-1929

Municipality or Crop District	1927 Assessment (000 omitted)			Annual Tax Imposed on All		Taxable Acreage (000 omitted)	Tax per Acre	Tax per Quarter Section
	Municipal	Village	Farm Land	Municipal Property	Farm Land			
Strathcona.....	$2,036	$200	$1,837	$ 43	$ 38	116	$0.328	$52.48
Dufferin.....	4,340	46	4,294	103	101	216	.468	74.88
Thompson.....	2,500	225	2,275	62	57	125	.453	72.48
Miniota.....	3,158	150	3,108	97	96	198	.487	77.92
Dauphin.....	2,360	14	2,344	123	122	288	.424	67.84
Chatfield.....	449	12	437	20	20	120	.164	26.64
Rossburn.....	1,476	...	1,476	50	50	150	.330	52.80
Ethelbert.....	566	65	501	36	32	112	.286	45.76
Swan River Crop District.....	5,677	400	5,277	213	198	506	0.400	64.00

TABLE X

NUMBER OF CENSUS PUPILS OF THE AGES 6 TO 17 INCLUSIVE, AMOUNT OF EQUALIZED ASSESSMENT, SCHOOL LEVIES, MUNICIPAL PAYMENTS TO SCHOOLS, GOVERNMENT AID IN TWELVE RURAL AND URBAN MUNICIPALITIES, 1929-1930

Municipality	Census Pupils	Equalized Assessment	School Levy	Municipal Payments to Schools	Government Grants
Strathcona.....	400	$ 2,550,000	$ 19,509	$ 14,373	$ 4,945
Dufferin and Carman.	998	7,686,000	63,320	55,565	9,920
Thompson.....	470	3,202,000	30,250	23,560	5,798
Miniota Municipal School District...	503	3,973,000	44,817	45,988	13,452
Miniota Municipality	621	...	...	...	...
Dauphin (rural).....	1,208	4,839,000	51,203	38,080	6,018
Chatfield.....	670	686,000	13,435	6,646	4,072
Rossburn.....	989	2,585,000	28,909	23,557	3,824
Ethelbert.....	1,003	1,026,000	21,874	20,034	8,813
Winnipeg.....	46,744	230,790,000	3,172,000	3,174,000	219,125
St. James.....	3,713	5,190,000	157,653	121,779	13,047
Transcona.....	1,650	1,830,000	53,457	47,117	8,180
Dauphin (town).....	1,229	2,055,000	61,450	71,058	9,994